

DOI: <https://doi.org/10.32782/2524-0072/2025-73-47>

UDC 339.94:004.78 (100+477)

CONCEPTUAL PRINCIPLES AND PRACTICAL ASPECTS OF FOREIGN TRADE SECURITY OF REGIONS IN MODERN CONDITIONS

КОНЦЕПТУАЛЬНІ ЗАСАДИ ТА ПРАКТИЧНІ АСПЕКТИ ЗОВНІШНЬОТОРГОВЕЛЬНОЇ БЕЗПЕКИ РЕГІОНІВ В СУЧАСНИХ УМОВАХ

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The article is dedicated to examining the conceptual foundations and practical aspects of external trade security of regions under modern conditions. It outlines general scientific approaches to defining the concept of “economic security of regions”. The article considers the national approach to ensuring economic security in Ukraine under crisis conditions and identifies the threats to economic security. It highlights the strengths, weaknesses, opportunities, and threats that the war poses to Ukraine’s foreign trade, allowing for the development of new approaches and adaptation to current challenges. It is determined that the European experience in protecting the field of foreign trade is extremely useful for Ukraine, particularly in the use of diplomatic tools for bilateral and multilateral trade cooperation. The article demonstrates that during the war, the nature of external trade security challenges in Ukrainian regions has shifted – from technological dependency to the reduction of export production and the destruction of export logistics. General trends in Ukraine’s foreign trade are analyzed. The article presents an analysis of the volumes and shares of Ukrainian regions in foreign trade during the pre-war and wartime periods. It proves that the list of leading regions in foreign trade has undergone transformations, and that geographic location within the country, the practical use of transport and logistics infrastructure, and access to international markets have gained priority in terms of foreign trade security. It emphasizes that under the current conditions, when international trade is undergoing significant transformations due to new challenges, Ukraine’s foreign trade – both nationally and regionally – is primarily defined by its export capacity rather than economic rationality. It is substantiated that the development of trade relations with EU member states, based on European institutional and organizational support, will help minimize risks in ensuring regional external trade security in Ukraine.

Keywords: economic security, external trade security of regions, threats, export, import, war.

Стаття присвячена розгляду концептуальних засад та практичних аспектів зовнішньоторговельної безпеки регіонів в сучасних умовах. Виділено загальні наукові підходи до визначення поняття “економічна безпека регіонів”. Розглянуто національний підхід забезпечення економічної безпеки в Україні у кризових умовах та виокремлено загрози для економічної безпеки. Наголошено на існуванні сильних, слабких сторін, можливостей та загроз впливу війни на вітчизняну зовнішню торгівлю, що дозволяє виробляти нові підходи та адаптуватися до сучасних викликів. З’ясовано, що європейський досвід захисту сфери зовнішньої торгівлі є надзвичайно корисним для України у напрямі використання дипломатичного інструментарію двостороннього та багатостороннього зовнішньоторговельного співробітництва. Показано, що у період війни змінилися кризові прояви зовнішньоторговельної безпеки для регіонів України, змістившись від технологічної залежності до скорочення експортного виробництва та руйнування експортної логістики. Розглянуто загальні тренди зовнішньої торгівлі України. Проведено аналіз обсягів та питомої ваги регіонів України у довоєнний період та в

час війни. Доведено, що перелік регіонів-лідерів зовнішньої торгівлі зазнав трансформацій, і пріоритетності для зовнішньоторговельної безпеки почали набувати географічне розміщення в межах країни, реальні можливості використання транспортної і логістичної інфраструктури, доступність до міжнародних ринків. Наголошено, що в умовах, коли міжнародна торгівля зазнає значних трансформацій у світлі нових для неї викликів, зовнішня торгівля України та її регіонів визначається експортною спроможністю, а не засадами економічної доцільності. Обґрунтовано, що розвиток торговельних відносин з країнами-членами ЄС на засадах європейської інституційної та організаційної підтримки сприятиме мінімізації ризиків у процесі забезпечення зовнішньоторговельної безпеки регіонів України.

Ключові слова: економічна безпека, зовнішньоторговельна безпека регіонів, загрози, експорт, імпорт, війна.

Problem statement. In today's context, the issue of ensuring economic security at various levels is becoming increasingly relevant. This is particularly true for the external trade security of regions, which are crucial components of the national economy and its foreign economic relations. Amid the armed aggression against Ukraine, regions have faced a number of challenges that have significantly affected their export-import activities, logistics capabilities, and their ability to effectively integrate into the global trading system. This situation necessitates a reconsideration of the theoretical foundations of external trade security, as well as an analysis of current threats and practical aspects of ensuring it at the regional level. Such an approach not only enables a better understanding of present processes but also helps to shape strategic directions for the recovery and development of foreign trade in the post-war period. This underpins the relevance of the study, which aims to identify the conceptual foundations and practical aspects of external trade security in Ukraine's regions and propose ways to strengthen it in response to modern challenges.

Analysis of recent studies and publications. The issue of forming and ensuring economic security at both national and regional levels has been the subject of extensive academic research. For instance, D. Hrytsyshen, V. Kuchmenko, and D. Zablodska explore scientific and methodological approaches, key risks, and functional components of the mechanism for ensuring regional economic security in the context of regional positioning [1]. O. Ovcharenko analyzes the theoretical foundations of the concept of regional economic security and its place within the structure of national economic security [2].

I. Cherevko and Yu. Fliak focus on the essence of economic security, identifying the factors that directly shape it, as well as the state of economic security in Ukraine and the main directions for its enhancement during the period of russian military aggression [3]. I. Babets

substantiates approaches to reducing threats to the external trade security of Ukrainian regions under martial law, analyzing groups of regions with high, significant, moderate, and low levels of threats [4].

Thus, various aspects concerning the foundations, challenges, and prospects of ensuring economic and external trade security in regions are considered in the context of the consequences of russian military aggression. In our opinion, the issue of the external economic activity of regions has become increasingly relevant, since foreign trade even during wartime remains an influential factor in maintaining the functionality of the national economy and its regions. Accordingly, it is essential to examine external trade security not only in light of the current situation but also with regard to its recovery in the post-war period.

Statement of purpose. The purpose of this article is to study the conceptual foundations and practical aspects of external trade security in Ukraine's regions under current conditions.

Presentation of the main research material. One of the key tasks of any country is ensuring economic security, which stems from the priorities of economic growth, guaranteeing current stability and effective functioning, as well as fostering high development potential in the future. The concept of economic security is dynamic and transforms in accordance with internal and external conditions prevailing at a particular point in time. Its essence is revealed through a system of criteria, indicators, and threshold values. The issue of economic security becomes especially relevant amid modern challenges related to sovereignty, competitiveness, defense capability, and integration into the global economy. In the context of resisting russian military aggression, the role of economic security becomes even more significant.

From a theoretical perspective, a state is considered to be in a condition of economic security when the basic factors of its reproduction are protected, stable economic growth is

ensured, and sufficient reserves are maintained for the recovery of the social system in times of crisis. Simultaneously, security is achieved when both external and internal threats are eliminated and protection against risks is in place. Ukrainian scholars distinguish a national approach to ensuring economic security, the key elements of which are [5]:

- 1) a cooperation program with the IMF aimed at supporting macroeconomic stability;
- 2) reform of state-owned enterprises and privatization to improve economic efficiency;
- 3) digitalization of public services and elimination of corruption to enhance the business climate;
- 4) development of the domestic capital market to reduce dependence on external financing.

Ukraine has accumulated a complex experience of adapting its economic system to wartime conditions, which requires the development of specific approaches to ensuring economic security both at the national and regional levels.

As noted by I. Cherevko and Yu. Fliak, at the national level, taking into account the specifics of Ukraine's conditions during the period of military actions on its territory, the main threats to economic security are: macroeconomic, financial, investment-innovative, production, foreign economic, social, and food-related [3, p. 13].

A feature of the economy in peacetime at the regional level is the maximum proximity of resources and obtained results to the population. Successful economic transformations in each region will contribute to the growth of the country's economy as a whole. In wartime conditions, the regions of Ukraine face a number of new challenges that to a greater or lesser extent affect the regional economy. These include changes in labor markets, business conditions, losses of export potential and deepening import dependence, functioning of the energy sector, development of transport and logistics chains, etc.

The essence of regional economic security is defined by D. Gricishen, V. Kuchmenko, and D. Zablodska as the state of the regional economy and governance institutions that ensures full protection of regional interests, independence of the chosen strategic course, social orientation, and adequate economic potential even under unfavorable internal and external circumstances. Hence, the positioning of a region and the context of its economic security is a complex set of elements that

implements the main principles and functions of governance, is capable of ensuring the proper state of economic security, and can adapt and improve in response to changes in the internal and external environment [1].

O. Ovcharenko, in the process of examining the concept of "regional economic security," notes that the key elements here are economic independence, stability, and resilience of the regional economy, while also mentioning the region's capacity for self-development and progress. A special role in the formation of a region's economic security is attributed to its geographical location, sectoral specialization, transit nature of the territory, socio-economic ties between regions, natural resource and recreational potential, state of the environment, demographic factors, and the level of state support for the region [2, p. 19].

Before the war, the crisis manifestations of external trade security for the regions were mostly due to increased technological dependence or the deterioration of export structure because of the predominance of raw materials and low-processed goods. The full-scale military invasion had a negative impact on Ukraine's foreign trade due to the reduction in export production, destruction of export logistics, and narrowing of export opportunities, as the foreign economic connection with other countries relied solely on the western border, which experienced significant overload.

In this context, foreign economic threats to the regions became more relevant, among which scholars identify the outflow of foreign currency, increase in external debt, violation of payment discipline, criminalization of the economy, displacement of regional producers from the market, unfavorable changes in income distribution proportions between the state and regional budgets, adverse changes in monetary policy, general deterioration of the economic situation in the country, outflow of financial resources from the region, and reduction in state support [2, p. 21].

European experience shows that EU member states pay significant attention to issues related to protection in the field of foreign trade. Taking into account the volatile nature of the global trade policy environment, the European Commission is initiating a review of EU trade policy instruments. Today, trade policy is increasingly used to achieve geopolitical objectives. To protect European interests in this new geoeconomic environment, the EU is readjusting its toolkit for unilateral, bilateral, and multilateral trade [6].

An analysis of the strengths, weaknesses, opportunities, and threats of the war's impact on Ukraine's foreign trade shows the following. Strengths include the growth of export transportation by rail and road; positive trade balance in services and growth in exports of certain types of services; increase in domestic exports of goods to EU member states. Weaknesses relate to the reduction in cargo transportation by sea; general decrease in exports of goods and certain key product groups. Opportunities arise from increased exports of agricultural products; prospects for the development of transport and tourism services; formation of regional centers for foreign trade. Threats are related to new economic losses due to the war, negative trade balance, decrease in exports of goods to Asia, and rising inflation [7].

Clearly, alongside the positive factors that have a stimulating or integrative effect, negative factors also have a significant impact on the external trade security of the region. Today, the list of such factors, which traditionally included

economic crises, conflicts, epidemics, and other conditions, is expanded to include the military factor – a full-scale military invasion of Ukraine by Russia.

Objectively, at the regional level, the aspects of forming and ensuring external trade security differ from the national level, referring to the awareness of a number of specific factors that reflect the characteristic features of certain regions. Today, the issue of regional external trade security arises in light of the ability to successfully resist the influence of foreign economic factors, minimize risks, and use available opportunities to implement foreign trade agreements by regional entities.

Looking at domestic statistics, in 2021, before the start of the full-scale military invasion, the largest volumes of goods exports came from Kyiv city (22,5%), Dnipropetrovsk (17,9%), Donetsk (10,3%), Zaporizhzhia (7%) regions. Import receipts mostly concerned Kyiv city (42,6%), Dnipropetrovsk (8,1%), Kyiv (7,7%), and Lviv (6,5%) regions (see Figure 1).

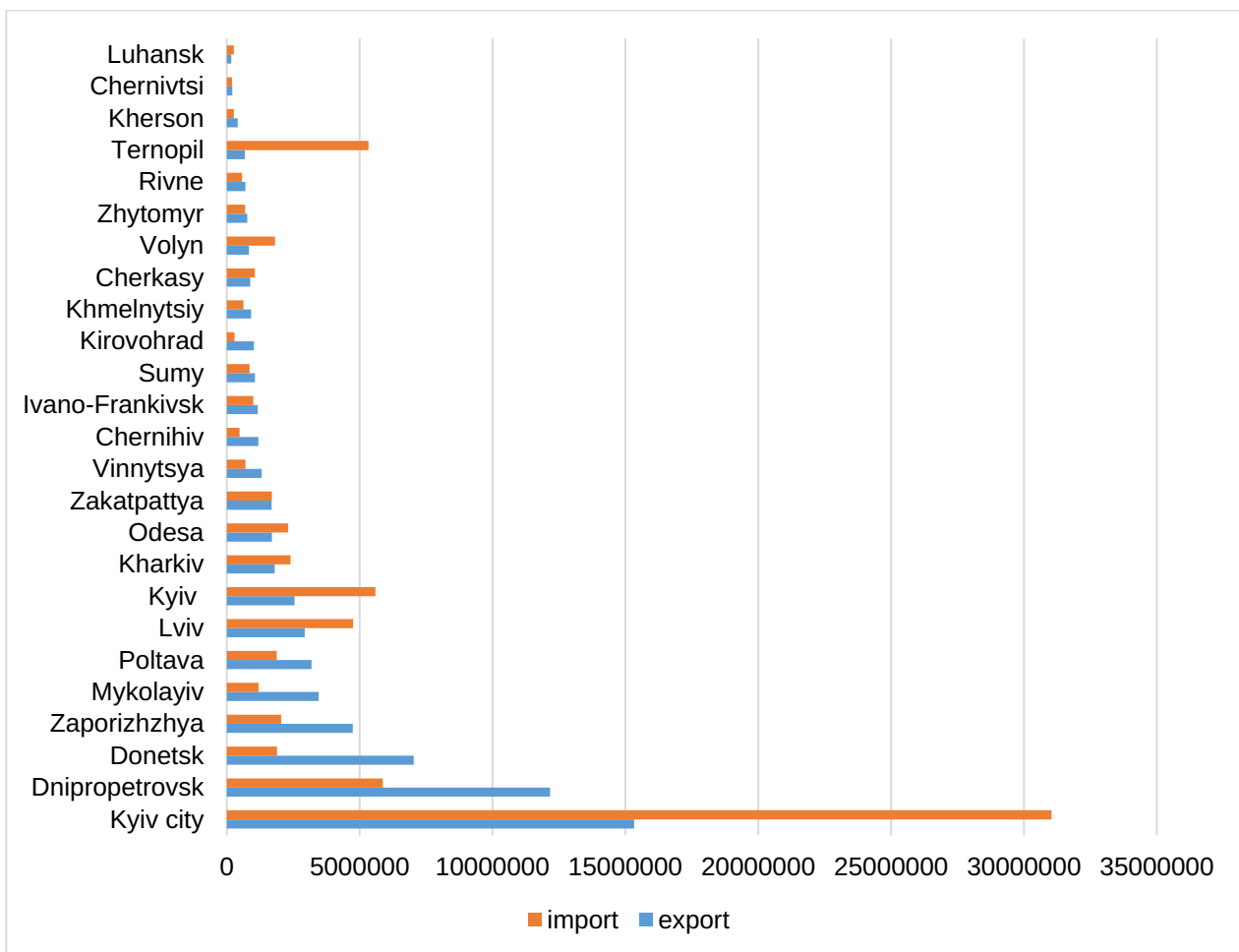


Figure 1. Regional volumes of foreign trade in Goods, 2021

Source: formed on the basis of [8]

Since 2015, the Ukrainian economy has managed to neutralize the negative impact of the external factor of military invasion. Additionally, a set of institutional opportunities emerged to boost foreign trade with the EU, and the indicators of foreign trade with the EU showed a clearly expressed upward trend over time. However, this trend slowed down immediately in 2020 when the COVID-19 pandemic caused a significant decline in international trade volumes and regional shifts overall, which consequently affected Ukraine's foreign trade trends.

In 2021, Ukraine-EU export and import indicators rose again, but the realities of wartime led to a significant reduction in domestic goods exports to the EU in 2023. The preconditions for this reduction included a decrease in the production of domestic export products due to the destruction of facilities, occupation of territories, mining of agricultural lands, as well as periods of border blockades and the introduction of a number of restrictions. Although goods imports from the EU increased in 2023, this was because domestic entities could only receive imported supplies through the western borders.

Statistically, the European Union is Ukraine's main trading partner. Thus, in 2023, the share of trade in goods with the EU accounted for 56,0% of Ukraine's total trade volume, and in 2024 – 53,8%. In 2024, exports of goods to the EU amounted to 59,5%, and imports – 50,5%.

In terms of regions, in 2024, Kyiv city leads in exports (27,3%), followed by Dnipropetrovsk (14,3%) and Lviv (6,5%) oblasts. In terms of imports, the capital ranks first (47,1%), followed by Lviv (8,2%), Dnipropetrovsk (7,7%), and Kyiv (7,6%) oblasts (Figure 2).

Therefore, we can observe that the list of leading regions in foreign trade has transformations. The conditions of war once again proved that, in addition to the resource potential of the region and the established trade links, the priority for external trade security is given to the geographical location within the country and the ability to use transport and logistics infrastructure. The key factor, in light of this, turned out to be access to international markets, which determined the speed and effectiveness of goods movement.

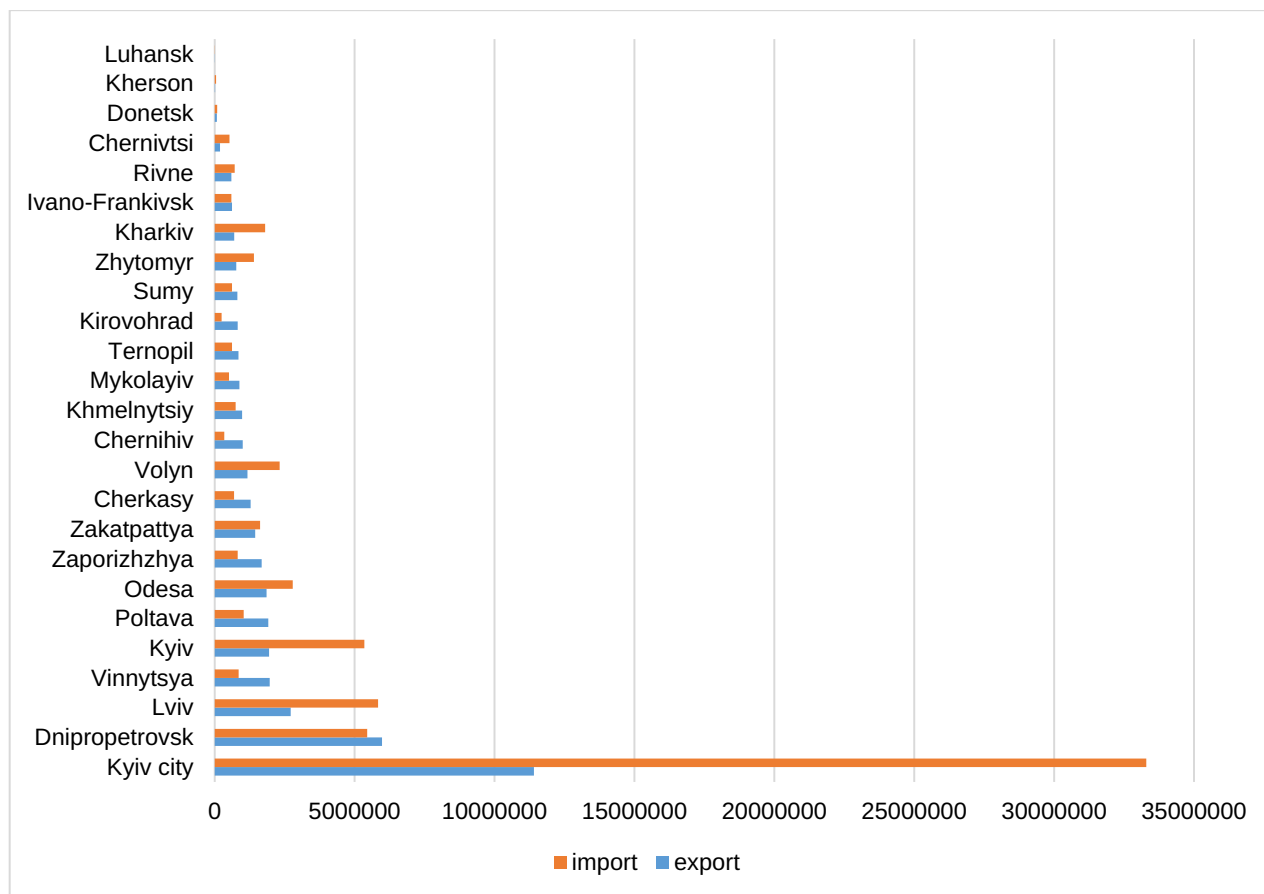


Figure 2. Regional volumes of foreign trade in Goods, 2024

Source: formed on the basis of [8]

It can be agreed that after the war ends, when the economy of the regions is restored, overcoming the threats in the sphere of foreign trade must be ensured through the effective use of the opportunities that Ukraine gained after acquiring candidate status for EU membership [4].

Considering that expanding the potential for domestic entities' presence in European markets has always been seen as a priority for foreign economic policy, EU member states have practically become one of the largest and most reliable trading partners of Ukraine, which helped support the foreign trade of the regions. The peculiarities of international trade development over the last few years have undergone significant transformations, caused by a complex of economic, political, and technological factors, among which are the strengthening of legal frameworks and multilateral agreements; growth of regional trade; emergence of digital technologies; geopolitical tensions and trade conflicts; and the influence of global crises [9].

Although the modern structure of domestic trade in regions is primarily determined by export capacity, not by the principles of economic feasibility, European institutional and organizational support facilitates the functioning of the country's economy and its regions, eases access to the European market for domestic producers, and promotes Ukrainian goods within the European space amid the new risks triggered by the war.

Thus, the accumulated experience of mutual cooperation becomes an important stage

for Ukraine's further European integration. It shows priority directions for communication with European partners and demonstrates the need for assistance and support in both the economic and diplomatic spheres, which will positively reflect on the foreign trade of countries as well as on the processes of ensuring the foreign trade security of their regions.

Conclusions. As a result of Russia's full-scale invasion, the practice of Ukraine's foreign trade and that of its regions has undergone significant changes, both in terms of major transformations in trade structure and its institutional regulation. Today, in the context of new challenges, especially during the war, Ukraine's regions face a series of new challenges that directly impact the region's economy. Accordingly, the issue of ensuring foreign trade security in the regions is becoming more relevant, aiming to counter the influence of negative external economic factors, minimize risks, and utilize all available opportunities for successful foreign economic activity.

The full-scale military invasion has negatively affected regional foreign trade, as there has been a reduction in export production, destruction of export transport logistics, and the loss of trading partners, particularly for the eastern regions, as external economic ties with foreign countries were maintained only on the western border, which experienced significant overload. Accordingly, the development of trade relations with EU member states based on European institutional and organizational support will help minimize risks in ensuring the foreign trade security of Ukraine's regions.

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