DETERMINANTS OF ENHANCING EXPORT ORIENTATION OF UKRAINE'S SERVICES SECTOR

ДЕТЕРМІНАНТИ ПОСИЛЕННЯ ЕКСПОРТООРІЄНТОВАНОСТІ СФЕРИ ПОСЛУГ УКРАЇНИ

UDC 339.562

https://doi.org/10.32843/infrastruct39-7

Melnyk Tetiana
Doctor of Economic Sciences, Professor, Head of the Department of Foreign Economic Activity of Enterprise
Kyiv National University of Trade and Economics

Pugachevska Kateryna
Candidate of Economic Sciences, Senior Lecturer at the Department of Foreign Economic Activity of Enterprise
Kyiv National University of Trade and Economics

The article deals with the determinants of enhancing export orientation of the services sector in the post-industrial economy. Identification of priority directions of domestic services promotion on foreign markets is carried out based on a combinatorial approach by assessing trends in foreign trade of services in Ukraine and taking into account global trends in the development of the service economy. The article analyzes the current trends in the development of world trade in services, as well as calculates the positions of individual groups of countries in foreign trade in services. The geographical structure of domestic services export is analyzed. The contribution of certain types of economic activity in the formation of GVA is calculated. Reserves of enhancing the services export in the Ukrainian economy have been identified. It is substantiated, that in order to strengthen Ukraine's presence on the international services market, the priority is to activate the export potential of those sectors, which meet current trends in the service economy. Prospective directions of further scientific research are evaluation of instruments of domestic services promotion on foreign markets, including through the national brand development.

Keywords: services *sector, export orientation, service economy, export promotion, post-industrial development.*

В статье исследованы детерминанты усиления экспортной ориентированности сферы услуг в условиях становления постиндустриальной экономики. Идентификация перспективных направлений продвижения отечественных услуг на зарубежных рынках осуществляется на основе комбинаторного подхода путем оценки тенденций внешней торговли услугами в Украине и с учетом общемировых тенденций развития сервисной экономики. В статье проанализированы современные тренды развития мировой торговли услугами, а также рассчитан позиции отдельных групп стран во внешней торговле услугами. Проведен анализ географической структуры экспорта отечественных услуг. Рассчитан вклад отдельных видов экономической деятельности в формирование ВДС. Идентифицировано резервы наращивания потенциала сферы услуг в экономике Украины. Обосновано, что для усиления присутствия Украины на международном рынке услуг приоритетным является активизация экспортного потенциала тех отраслей, которые в наибольшей степени соответствуют современным тенденциям развития сервисной экономики. Перспективными направлениями дальнейших научных исследований в этом направлении является оценка инструментов продвижения отечественных услуг на зарубежные рынки, в том числе за счет развития национального бренда.

Ключевые слова: *сфера услуг, экспортная ориентированность, сервисная экономика, экспорт-промоушн, постиндустриальное развитие.*

У статті досліджено детермінанти посилення експортної орієнтованості сфери послуг в умовах становлення постіндустріальної економіки з огляду на випереджаючий розвиток сфери послуг як ключовий структурний тренд розвитку світової економіки протягом останніх десятиліть. Ідентифікація перспективних напрямів просування вітчизняних послуг на зарубіжних ринках здійснюється на основі комбінаторного підходу шляхом оцінки тенденцій зовнішньої торгівлі послугами в Україні та з урахуванням загальносвітових тенденцій розвитку сервісної економіки. Систематизація наукового доробку у даному напрямку вказує на те, що серед дослідників ведуться дискусії щодо перспектив розвитку третинного сектору у розрізі країн різним рівнем економічного розвитку. У статті проаналізовано сучасні тренди розвитку світової торгівлі послугами, а також розраховано позиції окремих груп країн у зовнішній торгівлі послугами. Проведено аналіз географічної структури експорту вітчизняних послуг. Оцінено тенденції торгівлі інформаційно-комунікаційними послугами. Розраховано внесок окремих видів економічної діяльності у формування ВДВ. Ідентифіковано резерви нарощення потенціалу сфери послуг в економіці України. Обґрунтовано, що для посилення присутності України на міжнародному ринку послуг пріоритетним є активізація експортного потенціалу тих галузей, які найбільшою мірою відповідають сучасним тенденціям розвитку сервісної економіки. Попри динамічний розвиток сфери послуг на світовому ринку до сих пір зберігаються численні та високі регуляторні бар'єри. Очевидно, його перспективи залежать від лібералізаційної політики країн та їх об'єднань. Особливо важливою у цьому контексті є діяльність СОТ, відповідно до якої програмою лібералізації ринків послуг передбачено усунення бар'єрів в транскордонній торгівлі, процесах руху капіталу та інших формах обміну послугами. Перспективними напрямами подальших наукових досліджень у цьому напрямі є оцінка інструментів просування вітчизняних послуг на зарубіжні ринки, у тому числі за рахунок розвитку національного бренду.

Ключові слова: *сфера послуг, експортна орієнтованість, сервісна економіка, експорт-промоушн, постіндустріальний розвиток.*

Problem statement. A key structural trend in the development of the global economy over the last decades is the advancing development of the service sector, which is a core feature of the post-industrial economy. Post-industrialization is the leader in economically developed countries, the share of the services sector of which has reached almost 75% of the value added generated in the economy, while in the least developed countries it is up to 50%. For Ukraine, the shifts that have taken place in the GDP structure since the declaration of independence are also significant, as the share of the service sector in 1990 was 30% compared to 59.2% in 2018. However, despite its almost double increase, this level is still below the world average. In addition, by this indicator, Ukraine is close to developing countries with not the most dynamic economic development.

In the vast majority of countries in the world, the growth of the services sector is accompanied by decrease in the industrial sector. In this context, the results of a research conducted by the scientists of Razumkov Center, who found that since the declaration of independence, the share of industry in Ukraine has decreased from 45% to 25.6% of GDP (including 14% of manufacturing). As a result, the process of post-industrialization in Ukraine is to a large extent not only a consequence of the advancing development of the services sector, but also of rapid de-industrialization under the influence of the loss of competitiveness in an open to foreign competition economy [4, p.24].

Analysis of recent research and publications. Problems of development of services, theoretical and methodological foundations of services market are considered in the works of many scientists, in particular, K. Clark, S. Cohen, J. Schumpeter, V. Heitz, M. Skrypnychenko, V. Pyatnitsky V. Sidenko, T. Tsygankova, and others. However, prospective niches to enhance the export orientation of the domestic service sector remain poorly researched.

Formulation of purposes of the article. The purpose of the article is to analyze the determinants of enhancing export orientation of the service sector of Ukraine in the context of post-industrial development.

Research results. According to the methodology of national accounting, the production of services is limited to activities that are carried out by one institutional unit to provide benefits to another unit [8].

Due to their nature, services do not have guaranteed quality standards, and therefore services have a high degree of uncertainty. This fact puts the consumer at a disadvantage because he/she can evaluate the result of the service, its beneficial effect only after its provision; and for manufacturers in these conditions it is difficult to promote services [8].

The last decade has identified a number of important trends in structural change in world trade identified by the World Trade Organization, i.e. [5, p. 32]:

– anticipation of growth in trade in services: over the decade, trade in goods has increased by 32%, services by 64%;

– in the structure of world trade in services the highest growth rate of export of tourist and other commercial services (by 70%);

– the rapid growth of the computer services market, accounting for 72% of ICT services exports, reaching 353 billion USD;

– expansion of telecommunication services due to the fact that mobile communication is accessible to almost everyone (99.7 mobile numbers per 100 inhabitants in 2016);

– in the field of transport services, which had the highest growth rate up to 2008, there has been a downward trend since 2014 due to the availability of excess transport capacity;

– further expansion of global value chains in order to optimize the conditions of production of goods and services (value added of final suppliers – 29.2%, suppliers of production components – 70.8%, including service providers – 37.7%);

– introduction of new forms of organization of trade in services based on the use of digital technologies.

While in 1980-1990, services accounted for about a fifth of world trade, then in the last decade of the 20th century the rate of increase of their exports exceeded the rate of growth of export of goods. During 2000–2016, world exports of services increased by 25%, and the dynamics of changes in the structure of the economy and the technologies indicate a further expansion of demand for services and an intensification of their exchange in the world.

The role of individual countries and regions in the international services market is evidenced by their share in the world trade in services. In particular, the share of developed countries in the international services market decreased from 75.51% in 2000 to 67.92% in 2018, while the share of developing countries and transition economies increased significantly during this period (Table 1). Among the countries that have strengthened their position as exporters of commercial services, there are mainly Asian countries: China, Hong Kong, the Republic of Korea, Singapore, Taiwan, India, Thailand. At the same time, imports of services to developing countries are increasing as well, especially by affordable and inexpensive financial, computer and information services that tend to increase industrial productivity.

It should also be noted that exports of services from developed countries outweigh imports, however, in countries with transition economies and developing countries, imports of services generally outperform. Although the international exchange of services is mainly between developed countries, developing countries and transition economies are gradually increasing their participation in world exports of services.

The participation of an individual country in international trade in services depends on the sectoral structure of the national economy, its scientific and technical potential, innovative activity and the effectiveness of the institutional mechanism for stimulating and supporting exports. Since export revenues should cover the costs of imports, a stable proportion of exports/imports is essential for the sustainable development of the national economy, as well as support for those service sectors that have a significant impact on the competitiveness of national economy [3, p. 509].

In the geographical structure of export of services in Ukraine during the period of 2005-2018, there was a decrease of the share of CIS countries from 43.7% to 31.80% (Table 2).

The share of the EU countries has increased substantially from 27.44% to 40.09%, partly due to the signing of the Association Agreement between Ukraine and the EU, the trade part of which is reflected in the creation of a Deep and Comprehensive Free

Table 1

Dynamics of foreign trade in services by groups of countries in the world 2010-2018

Group of countries	Years									
	2010		2012		2014		2016		2018	
	Value, billion USD	Share, %	Value, billion USD	Share, %	Value, billion USD	Share, %	Value, billion USD	Share, %	Value, billion USD	Share, %
Export										
World	3918.7	100	4529,9	100	5153,5	100	4879,3	100	5845,1	100
Developed countries	2723.8	69.51	3085.2	68.11	3534.7	68.59	3336.6	68.38	3969.7	67.92
Developing countries	1096.8	27.99	1319.8	29.13	1491.9	28.95	1435.7	29.43	1738.1	29.74
Transition economies	98.1	2.50	125.0	2.76	126.9	2.46	106.9	2.19	137.2	2.35
Import										
World	3823.9	100	4440.4	100	5070.3	100	4797.4	100	5603.6	100.00
Developed countries	2379.4	62.22	2644.5	59.56	2966.5	58.51	2853.3	59.48	3327.3	59.38
Developing countries	1322.4	34.58	1628.2	36.67	1919.6	37.86	1817.7	37.89	2118.2	37.80
Transition economies	122.2	3.20	167.6	3.78	184.2	3.63	126.5	2.64	158.1	2.82

Source: conducted by the authors based on data of the United Nations Conference on Trade and Development.

Table 2

Geographical structure of export of services of Ukraine in 2005-2018, %

Year	CIS countries	Europe	The EU countries	Asia	Africa	America	Australia
2005	43.70	29.03	27.44	9.21	1.12	7.40	0.11
2006	43.76	30.30	29.18	9.42	1.21	7.38	0.13
2007	38.86	33.43	31.62	9.95	1.33	8.41	0.17
2008	34.63	34.06	33.60	11.26	1.66	10.17	0.22
2009	37.78	28.99	29.86	11.48	1.62	11.03	0.31
2010	45.52	26.76	25.92	8.70	1.24	10.03	0.33
2010	45.60	27.19	26.16	8.49	1.14	9.69	0.31
2011	42.60	28.47	24.91	7.82	1.09	9.87	0.94
2012	41.22	27.99	26.60	8.91	1.17	10.13	1.64
2013	40.85	34.31	29.48	10.03	1.07	11.11	0.55
2014	35.02	38.46	34.65	11.72	1.14	10.79	0.62
2015	36.41	36.17	30.07	11.51	1.49	11.65	0.93
2016	37.78	35.46	30.45	11.70	1.27	11.48	0.38
2017	35.13	37.52	32.23	12.15	1.39	11.06	0.29
2018	31.80	40.09	34.20	12.73	1.39	11.50	0.24

Source: conducted by the authors on the basis of State Statistics Service of Ukraine.

Trade Area with the EU, that is a large-scale trade content agreements aimed at including liberalization of access to the market for services. At the same time, the share of services exports to the America remains quite significant taking into account share indicators (11.5% in 2018).

The majority of services are exported by domestic companies to the Russian Federation (28.67%), the USA (8.69%), Switzerland (7.69%), Germany (5.08%) and the United Kingdom (4.93%) (Table 3).

The high share of exports of financial services to Cyprus and the Virgin Islands reflects the need for domestic businesses to optimize their economic activity by including local companies from countries with more liberal financial regulation in operating schemes, as well as the need for financing through attracting resources from international capital markets [1]. The major of the revenue from the export of services to Russia is formed by a profitable but highly specialized transportation segment related to the transit of hydrocarbons.

In terms of the structure of exported services (Table 4), transport services accounted for the largest share (50.28%), while telecommunications, computer and information services accounted for a rather high share (18.17%); material processing services

Table 3

Dynamics of geographical structure of export of services of Ukraine in 2010-2018, %

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018
The Russian Federation	41.93	38.47	36.70	36.94	30.71	31.22	31.19	31.89	28.67
The USA	4.93	5.00	5.12	5.09	5.97	6.84	7.27	7.92	8.69
Switzerland	3.57	5.77	3.80	7.15	7.23	7.91	6.86	7.07	7.69
Germany	2.79	2.90	3.24	4.78	5.84	4.64	4.95	5.03	5.08
The United Kingdom	4.56	4.83	5.12	5.29	5.73	5.68	4.69	5.46	4.93
Poland	0.76	0.93	1.00	1.53	1.76	1.87	2.24	2.77	3.01
Cyprus	3.28	2.87	2.98	2.84	4.00	2.58	2.42	2.57	2.73
UAE	0.58	0.40	0.60	1.69	1.92	2.10	1.73	2.08	2.21
Israel	0.54	0.78	0.89	0.98	1.12	1.48	1.71	1.77	1.73
Hungary	1.87	0.59	0.54	1.29	0.86	0.95	1.15	1.37	1.71
The Virgin Islands	1.48	1.73	2.02	2.02	1.43	1.80	1.77	1.26	1.29

Source: conducted by the authors based on State Statistics Service of Ukraine.

Table 4

Dynamics of the structure of export and import of services in Ukraine in 2010-2018, %

Service	2010	2011	2012	2013	2014	2015	2016	2017	2018
Export									
Services in processing of material resources	8.63	10.20	11.19	12.10	11.58	11.08	11.41	13.25	14.60
Repair and maintenance services, not elsewhere classified	3.66	4.51	4.27	2.46	2.59	1.97	2.35	2.28	2.08
Transport services	64.20	62.40	58.79	56.08	52.96	54.06	53.71	54.71	50.28
Travel related services	2.12	2.13	2.78	2.52	1.98	2.06	2.08	2.27	2.57
Building services	1.13	1.42	1.55	1.58	2.01	3.00	3.94	0.95	1.29
Insurance services	0.58	0.79	0.81	0.61	0.39	0.47	0.54	0.37	0.39
Services related to financial activities	3.99	2.20	1.76	2.37	1.93	1.96	0.84	0.69	0.92
Royalty and other services related to the use of intellectual property	0.35	0.32	0.40	0.68	0.85	0.52	0.30	0.27	0.37
Telecommunications, computer and information services	5.63	6.07	7.90	10.38	14.54	16.28	16.66	16.43	18.17
Business services	9.45	9.69	10.07	10.85	10.85	8.39	8.01	8.60	9.11
Services for individuals, cultural and recreational services	0.23	0.25	0.43	0.25	0.27	0.16	0.11	0.14	0.16
Government and government services	0.02	0.03	0.03	0.12	0.04	0.04	0.04	0.04	0.04
Import									
Services in processing of material resources	1.50	2.81	2.55	0.15	0.80	1.15	0.10	0.05	0.04
Repair and maintenance services, not elsewhere classified	0.87	0.71	0.70	1.63	1.67	1.55	1.71	1.31	1.33
Transport services	21.49	25.45	25.77	22.46	21.60	20.88	18.57	22.15	23.22
Travel related services	6.39	7.41	8.56	9.02	10.69	10.82	11.32	14.52	15.70
Building services	1.95	2.45	3.88	3.49	2.32	0.73	1.15	1.95	0.92
Insurance services	2.06	1.96	2.38	2.23	1.32	1.34	2.23	2.35	1.24
Services related to financial activities	20.02	15.37	14.31	13.42	12.56	15.84	10.53	7.75	7.56
Royalty and other services related to the use of intellectual property	8.03	6.62	6.28	11.16	7.07	5.46	6.07	7.42	7.82
Telecommunications, computer and information services	5.55	6.16	6.86	9.26	8.03	9.93	7.89	7.74	7.49
Business services	18.80	18.99	16.29	18.82	15.60	13.02	15.27	15.12	21.99
Services for individuals, cultural and recreational services	3.59	3.84	3.36	0.45	0.16	0.15	0.13	0.38	0.19
Government and government services	9.76	8.22	9.06	7.89	18.18	19.13	25.02	19.27	12.50

Source: conducted by the authors on the basis of State Statistics Service of Ukraine

(14.6%) and business services (9.11%). State and government services account for the smallest share in the export structure.

The structure of imports is as follows: Ukraine has the greatest need for government and government services (12.5%), travel related services (15.70%) and other countries' transport services (23.22%). The smallest share in the structure of imports is occupied by services for processing of material resources (0.04%) and services to individuals, cultural and recreational services (0,19%).

It is worth noting that, despite the significant excess of exports over imports of services, there are a number of services that the country imports more than exports, and therefore, these services are in high demand; these are services related to travel, insurance, financial activities and use of intellectual property [6, p. 80].

To assess the impact of the service sector on the national economy, the structure of gross value added in 2010-2017 was calculated according to the system of national accounts (Table 5). The results indicate the contribution of agriculture and processing industry to the formation of GVA at 12.1% and 14.3%, respectively. In the services sector, the largest importance is in the wholesale and retail trade – 16.3%, transport – 7.6%, real estate transactions – 6.8%, public administration and defense – 6.5%.

The estimation of export orientation of the service sector of Ukraine revealed a very high level of it in the field of computer programming, consulting and information services (53.53% in 2017), transport services (47.78%), postal and courier activities (47.06%). In 2018, nearly 184,000 of the Ukrainian programmers secured the export of IT products for 4.5 billion USD or 4% of GDP (for comparison in 2017 – 3.6 billion USD or 3.4% of the country's GDP). 20% of the world's leading companies in the field of mobile platform software development have offices in Ukraine, and over the period of 2014-2017, the amount of taxes paid by IT companies increased annually by 27% [9].

Given the constant technological and structural complication of production and intense competition in the global economy, it is expected that the demand for business services will continue to increase, contributing to its market expansion and increasing its competitiveness. The impact of STP on the development of the service sector remains high nowadays. New technologies, in particular information and communication, are most relevant to the specifics of the production of many services, and are therefore widespread in this field.

With the spread of the Internet, the market for services has gone beyond the real economy to the virtual space, a large volume of goods and services is being realized there, as well as contacts between producers and consumers.

In the future, the technological process is likely to keep a key role in expanding the service markets,

Table 5

Dynamics of the structure of gross value added in Ukraine at basic prices, %

Type of economic activity	Code	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture, forestry and fisheries	A	8.4	9.5	9.1	10.0	11.7	14.2	13.8	12.1
Mining and quarrying	B	6.7	7.6	6.7	6.3	5.7	5.6	6.5	7.0
Manufacturing industry	C	15.0	13.8	14.3	12.9	14.0	14.0	14.4	14.3
Supply of electricity, gas, steam and air conditioning	D	3.2	3.6	3.6	3.3	3.2	3.2	3.7	3.4
Water supply; sewerage, waste management	E	0.8	0.7	0.6	0.5	0.5	0.5	0.4	0.4
Construction	F	3.7	3.5	3.2	2.9	2.7	2.3	2.3	2.6
Wholesale and retail trade	G	16.2	17.2	16.6	16.5	16.9	16.2	15.7	16.3
Transport, warehousing, postal and courier activities	H	8.7	9.2	8.2	8.1	7.3	8.0	7.8	7.6
Temporary accommodation and catering	I	0.9	0.9	0.8	0.8	0.7	0.7	0.8	0.7
Information and Telecommunications	J	3.5	3.4	3.6	3.8	3.8	4.3	4.4	4.4
Financial and insurance activities	K	6.4	5.2	5.0	5.2	5.1	4.0	3.2	3.2
Real estate transactions	L	6.1	6.2	6.9	7.4	7.2	7.3	7.2	6.8
Professional, scientific and technical activities	M	2.9	2.7	3.5	3.7	3.4	3.3	3.4	3.4
Administrative and support service activities	N	1.2	1.3	1.3	1.4	1.3	1.3	1.5	1.4
Public administration and defense; compulsory social insurance	O	5.2	4.8	4.9	5.3	5.7	5.6	6.1	6.5
Education	P	5.6	5.3	5.9	6.1	5.5	4.9	4.4	5.3
Health care and social assistance	Q	4.0	3.7	4.1	3.8	3.3	3.1	2.9	3.0

Source: conducted by the authors on the basis of State Statistics Service of Ukraine differentiating their types, diffusing technological innovations. Diversification of services and improvement of their qualitative characteristics will be facilitated by a possible strengthening of the emphasis in the strategies of international companies on the restructuring of organizational and managerial models, improvement of labor force characteristics, since it is in the services sector that a particularly close dependence of the effect of new technologies and market success on quality and rational use of companies is observed.

The EU-Ukraine Association Agreement deals with Title IV "Trade and Trade-Related Issues" [8]. According to the provisions of the Agreement, there should be a gradual liberalization of trade in most services, except for the extraction and processing of nuclear materials, weapons and ammunition, international air transportation, audiovisual services [13, p. 7].

Transport services are leading in the structure of Ukrainian exports to the EU in 2018, and virtually all groups of services showed an increase in value compared to the previous year. Thus, the value of exports of transport services in 2018 amounted to 1.118 billion EUR, which is 2.2% more than in 2017. A significant share of Ukraine's exports also characterizes the following types of services :

- material resources processing services (26.5%);
- telecommunications, computer and information services (20.7%);
- business services (13.2%).

The provision of cross-border services under the terms of the Association Agreement will provide equal opportunities for access to national markets, leading to increased competition between providers of such services, which will benefit households by improving quality and reducing the cost to final user of a service.

In the context of Agreement between Ukraine and EU, Ukraine, by committing itself to the liberalization of the markets for computer services, postal and courier and telecommunication services, will be able to create a favorable competitive environment for the work of the providers of such services and to facilitate their cross-border movement. Compliance with the provisions of the Agreement will require the public sector to improve its regulatory policy in the markets for the above mentioned services. However, the state will be able to obtain some financial resources from the sale of radio frequency and number resources, as well as to benefit from the dynamic development of these sectors in the form of employment growth and tax revenues. At the same time, domestic regulatory authorities need to establish effective mechanisms and procedures for the interaction and exchange of experience with relevant European regulators. The provisions of the Agreement related to the regulation of temporary presence of individuals for commercial purposes are aimed at facilitating access to markets and facilitating the movement of hired personnel for companies having branches or representative offices in the territory of Ukraine or the EU.

The gradual liberalization of the markets for international maritime transport, as well as road, rail and inward waterway transport will create conditions for increasing the level of competition in these markets, which, under other unchanged conditions, will lead to an increase in the quality of provision of appropriate services and an increase in investments in the development of appropriate infrastructure. It is extremely relevant for Ukraine given the existence of a transport corridor connecting the EU and Asia [14, p. 52]

Conclusions. Thus, it can be noted that opening up the Ukrainian market for business services will increase competition and, at the same time, simplify entry into the markets of the EU member states. Cooperation on international trade regulation at national and international level is a prerequisite for the sustainable development of the service sector.

Despite the dynamic development of services in the world market, there are still numerous and higher regulatory barriers to trade in goods. Obviously, its prospects depend on the policy of liberalization of states and their associations. Particularly important is the activity of WTO, where the program of liberalization of service markets provides the removal of barriers to cross-border trade, capital movements and other forms of exchange of services.

However, in our view, the long-term tendency for services to grow is significantly constrained, first of all, by achieving a very high share of services in the GDP of developed countries with fairly stable proportions of their economies within the three-sector model: the agrarian, industrial and services sectors. According to the OECD data, the share of the services sector in the G7 is 72%.

In order to strengthen Ukraine's presence on the international market for services, it is necessary to activate the export potential of those sectors that are most in line with current trends in the service economy. In this case, it is primarily about high-tech services, one of the promising areas of development of which is outsourcing. At the same time, the low level of R&D funding (0.17% in 2018) indicates an increasing threat to the state's innovation security. IT industry with a turnover of 4.5 billion USD ranked 2nd in exports of services and 3rd in exports of goods and services after agriculture and transportation sectors. Currently, offices of a number of foreign corporations, including Aricent, SAP, Boeing, Huawei, Ericsson Oracle, Siemens and Teleperformance, etc. are also located in Ukraine. The national transport system is relevant as well, which needs further integration into the European space, since the existing transit potential (except mainly pipeline transport) is not used to full extent, especially in the field of air and sea transport.

REFERENCES:

1. 60% eksportnykh operatsii prokhodiat cherez ofshory [60% of export operations go through offshore]. Available at: https://www.epravda.com.ua/news/2017/10/19/630267/ (accessed 10 December 2019).
2. Korablin S. (2017) Makroekonomichna dynamika Ukrainy: pastka syrovynnykh rynkiv [Macroeconomic dynamics of Ukraine: the trap of commodity markets]. Kyiv : Institute of Economics and Forecasting of the NAS of Ukraine.
3. Melnyk T, Pugachevska K., Kudyrko L., Sevruk I. (2019) Promotion of Ukraine's export to China: priorities and institutional framework. *Problems and Perspectives in Management*, Vol. 17(3), pp. 508-520 http://dx.doi.org/10.21511/ppm.17(3).2019.40
4. Sidenko V. (2017) Strukturni transformatsii u svitovii ekonomitsi: vyklyky dlia Ukrainy [Structural transformations in the global economy: challenges for Ukraine]. Available at: http://razumkov.org.ua/uploads/article/2017_svit_ecovom_Annotation.pdf (accessed 19 December 2019).
5. Sidenko V. (2018) Hlobalni strukturni transformatsii ta trendy ekonomiky Ukrainy [Global structural transformations and trends of Ukrainian economy]. Available at: http://razumkov.org.ua/uploads/article/EP_18_1_37_uk.pdf (accessed 15 December 2019).
6. Skrypnychenko M. et al. (2015) Modeli identyfikatsii makroekonomichnykh dysbalansiv v Ukraini [Models for identification of macroeconomic imbalances in Ukraine]. Kyiv : Institute of Economics and Forecasting of the NAS of Ukraine.
7. State Statistics Service of Ukraine. Available at: http://www.ukrstat.gov.ua (accessed 12 September 2019).
8. System of national accounts (2008) Available at: https://unstats.un.org/unsd/nationalaccount/sna2008.asp (accessed 11 December 2019).
9. Ukraine's IT industry secured $ 4.5 billion in exports in 2018. Available at: https://www.epravda.com.ua/news/2019/01/31/644857/ (accessed 10 December 2019).
10. UNCTAD Statistics. Available at: http://unctadstat.unctad.org/EN/ (accessed 10 December 2019).