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on the topic:

**“INTERNATIONAL TRADE OF DOMESTIC MACHINE-BUILDING
ENTERPRISES”**

(on the basis of Zavod Kobzarenka LLC)

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LIST OF ABBREVIATIONS

CAGR - Compound Annual Growth Rate

CEO department - Chief Executive Officer department

EU – European Union

GP – Gross Profit

LLC – Limited Liability Company

OP – Operating Profit

PJSC – Private Joint Stock Company

PJSP – Public Joint Stock Partnership

ROA – Return on Assets

ROCE – Return on Capital Employed

ROE – Return on Equity

SITC - Standard International Trade Classification

The USA/US – The United States of America

UAH – Ukrainian Hryvnia

UN – United Nations

USD – United States Dollar

INTRODUCTION

The problem of foreign trade is of great importance both at the national level and at the level of the majority of domestic exporters. Difficulty in the implementation of foreign economic activity for Ukrainian companies is the currently developing process of globalization, which, on the one hand, opens up new opportunities for joining the achievements of world science and technology, on the other hand, increases the threat of strengthening Ukraine's subordinate position in the system of world economic relations due to low competitiveness of Ukrainian companies.

When the domestic market lags behind in its development (including the level of production) and infrastructure from foreign markets, foreign economic activity can have the greatest impact on the growth and development of an enterprise. Thus, foreign economic activity takes a special place in the production and economic activities of an industrial enterprise.

Relevance of the research topic. Machine-building industry niche in foreign markets is not only already filled, but there is also an excess supply. Often, even high quality and sufficient competitiveness of products cannot guarantee that an enterprise will take a significant share in a specific foreign market. Many domestic enterprises in the competition in foreign markets are able to use, as a rule, only price factors – that eventually has only negative consequences.

All of the above allows us to conclude that the need for a radical methodological rethinking of the role and place of foreign economic activity in the economic system of an enterprise and its management is significantly actualized.

The theoretical and methodological basis of the master's work was the research of leading foreign and domestic scientists in the field of management, assessment of foreign economic activity at industrial enterprises.

In scientific works, little attention is paid to the development of tools for solving the problem of effective management at enterprises for the production of agro-industrial equipment. These scientists have investigated this issue: Savchenko S.M., Prokhorkin D. P., Balabanova N. V., Balassa B., Scott, L., Vollrath, T. L. In this regard,

it becomes necessary to analyze the current state of one of the enterprises for the production of agro-industrial equipment in order to formulate directions for improving foreign economic activity for enterprises working in this area.

The information and empirical base of the study, which ensures the representativeness of the initial data, the reliability, reliability and accuracy of conclusions, recommendations and proposals, was the annual and financial statements of the machine-building enterprise Zavod Kobzarenka LLC.

The purpose of this work is to analyze the level and organization of foreign economic activity at a machine-building enterprise and develop recommendations for improving activities in the foreign economic sphere of the enterprise.

To achieve this goal, it is necessary to solve the *following tasks*:

- 1) to study the organization and management of the activities of engineering enterprises in the international market;
- 2) to analyze global market of agricultural machine-building products and factors of influence;
- 3) to research the structure of production and foreign economic component of Zavod Kobzarenka LLC;
- 4) to assess the development of international trade of the Zavod Kobzarenka LLC, the volume of sales of products in foreign markets and the reserves of the enterprise;
- 5) to identify the problems of foreign economic activity on the example of Zavod Kobzarenka LLC, as well as factors and conditions affecting the development of foreign economic activity of the enterprise;
- 6) to develop and propose recommendations on the choice of directions for improving the foreign economic activity of an enterprise for the production of agro-industrial equipment.

The object of the research is the process of improving foreign economic activity of a domestic machine-building enterprises in the international market.

The subject of the research is theoretical and methodological principles of export operations of machine-building enterprises in the environment of international economic activity.

Research methods include methods of economic, theoretical, logical and comparative analysis, synthesis, graphic method.

Scientific novelty. The author gives a characteristic of foreign economic activity of enterprises producing agricultural machinery at the present stage, analyzes the state of foreign economic activity of one of the enterprises producing agricultural machinery, reflects the directions of improving foreign economic activity.

The practical significance of the work is determined by the possibility of changing the internal organizational structure to solve the problems of improving the foreign economic activity of a machine-building enterprise for the production of agro-industrial equipment

The work consists of three parts.

In the first part - theoretical - the organization and management of machine-building enterprises in international markets was considered. The analysis of the world market of agro-industrial machinery and equipment was also carried out in this part.

In the second part - analytical - the results of the analysis of the structure of production, the characteristics of the investigated enterprise and the foreign economic component of Zavod Kobzarenka LLC are presented. An assessment of the development of the level of foreign trade activities for the period is also provided.

In the third part – practical- recommendations for the practical improvement of the foreign economic operations of the enterprise Zavod Kobzarenka LLC were developed, based on the results of the study.

PART I

RESEARCH OF INTERNATIONAL TRADE OF AGRICULTURAL MACHINE-BUILDING ENTERPRISES

1.1. Organization and management of the machine-building company's activities in the international market

Foreign economic activity in general is a set of production, organizational-economic and operational-commercial functions of export-oriented enterprises, taking into account the chosen foreign economic strategy of forms and methods of work in the market of a foreign partner. Export activities are carried out mainly by machine-building enterprises at the level of production structures with full independence in choosing the foreign market and foreign partner, nomenclature and assortment items for the export-import agreement in determining the price and value of the contract, volume and rate of supply. All this is part of the production and export activities of enterprises.

The ascending principle of foreign economic activity of machine-building enterprises is commercial calculation on the basis of economic and financial independence and self-sufficiency of own currency-financial and material-technical possibilities. And for the effective management of export of the enterprise, the adequate management structure is necessary (Bilge Aykol, 2018, p. 1009).

There are six main organizational forms of enterprise management:

- 1) line form;
- 2) functional;
- 3) line-functional;
- 4) program-target;
- 5) divisional;
- 6) matrix.

According to the line form structure, management is carried out in the relationship between the boss and subordinates in a hierarchical structure from top to bottom. According to the functional structure, the management functions common to several

subdivisions are transferred to one body (subdivision) or executor. In the linear-functional structure of enterprise management, management decisions are developed by highly qualified, experienced specialists, and orders are given by linear units. Under the program-target management structure, there are managers of individual projects or departments who give instructions on the most efficient use of all resources to achieve specific goals of production and further sale of products. The matrix control structure combines linear, program-target and functional forms. The divisional form of management combines the process of management according to product and regional principles (Gerasimova N. 2018 p.236) .

But, despite such a variety of forms and methods of enterprise management, they are all designed primarily to implement certain principles and functions of management. Namely: planning; organization; selection and placement of personnel and their stimulation; coordination; control. And such principles of management of the enterprises of Ukraine in general and the enterprises of machine-building branch in particular, provide effective management of export activity at the enterprises. The main purpose of exports is to increase sales and increase the profitability of the enterprise. To achieve this goal, the company must also implement a system of principles of foreign economic activity, which is enshrined in the Law of Ukraine on Foreign Economic Activity.

This system covers the following principles:

- 1) sovereignty;
- 2) freedom;
- 3) legal equality and non-discrimination;
- 4) the rule of law;
- 5) protection of the interests of business entities;
- 6) equivalence of exchange.

At the enterprises distinguish: organizational and production structure; management structure; organizational structure of the enterprise. Every company has systems that manage and are managed. The systems that are managed include production units (shops, departments). Thus, the organizational and production structure is a system that is managed, the management structure is a system that manages, and the

organizational structure is the relationship of both systems. Hence - the structure of management of foreign economic activity and export management, in particular - is a management system in the field of foreign trade, in bodies, services, apparatus that manages exports. The organizational structure of export management is an integral part of internal management, and it is determined primarily by the overall strategy of the enterprise, as well as the strategy of foreign economic activity as its component.

The organizational management structure of the foreign economic relations department may be as follows (Nepomnyzshyi E.G. 2015, p. 176):

- commercial sector;
- economic sector;
- marketing sector;
- engineering and technical sector;
- protocol group.

All these sectors are subordinated to the head of the CEO department, who controls them.

When organizing foreign economic activity, enterprises should provide for a number of issues directly related to the conditions for its implementation. These questions include:

- determination of the responsible executors, the composition and structure of the services carrying out foreign economic activity at the enterprise, as well as the boundaries of their powers and responsibilities;
- ensuring the conduction of marketing research, which is prior to making a decision on entering foreign markets, on promising markets and methods of entering them, on choosing a product for foreign trade;
- development of a strategy for entering a foreign market and a product strategy used by the firm on it;
- study of methods of tariff and non-tariff regulation of foreign economic activity both in Ukraine and in the countries whose markets are planned to be introduced;
- formation of pricing policy in the foreign market;

- forming the image of the company, conducting an appropriate PR-policy and others.

The greatest experience in foreign trade management has been accumulated in specialized foreign trade organizations (WTO). Functional departments and services that facilitate the work of specialized firms and the WTO can be roughly divided into three groups:

1. groups of departments and services carrying out planning (planning and economic department, monetary and financial department; transport department; WTO accounting department);
2. a group of departments directly involved in marketing (department of market conditions and prices, department of advertising and exhibitions; engineering department; department of joint ventures; department of maintenance and spare parts);
3. group of departments that ensure the adoption and implementation of management decisions (development department; personnel department; foreign business trips department; office, administrative department; legal department; protocol department).

At industrial enterprises actively involved in foreign economic activity, the foreign trade apparatus exists mainly in two forms:

- as part of the internal production structure in the form of a foreign trade department (department of foreign economic relations);
- as a relatively independent unit in the form of a foreign trade company.

When operating in a specific market, it is important to consider the distinctive characteristics of that market. In this case, we are talking about the market for manufactured goods. When selling goods for industrial purposes, it is necessary to take into account certain features.

1. The demand in the market for manufactured goods is of a derivative nature (depends on the demand for consumer goods).
2. The main products of this segment are being used for a long time, so operating costs are important for buyers.
3. The price sensitivity of the equipment is low because it is seldom purchased and its cost is transferred in parts to the cost of the product.

4. In the process of selling a product, it is necessary to take into account the measure of the buyer's influence on the market, which depends on its size, volume of purchases, credit rating and other factors.
5. Procurement is highly dependent on specific individuals who make procurement decisions on behalf of the enterprise.
6. High professional awareness of buyers about the product.

Sellers are usually interested in the market of goods for industrial purposes, since sales on it are in large quantities, it is easier to predict, and it has a sufficiently large capacity. But due to the fact that demand in this market is derivative, fluctuations in demand in consumer goods markets cause sharp fluctuations in demand for industrial goods, and much sharper than fluctuations in initial demand (Topoleva E.N. 2018, p. 112).

In modern conditions, trade in manufactured goods, as a rule, requires additional work related to increasing the competitiveness of goods: pre-sale service and revision, as well as technical maintenance of machinery and technical products. Export-import transactions associated with this form of trade in the foreign market are formalized by sales contracts, which, in addition to the general conditions of sale and the main provisions of the transaction, stipulate the procedure for carrying out additional work, indicate the terms of delivery and forms of payment, the terms for providing guarantees.

Therefore, the organization and management of exports of machine-building enterprises in modern conditions must be inextricably linked with the management of production activities, which, in turn, should be aimed at increasing the inflow of financial resources, reducing current costs and increasing sales. Also the organization of export activity of the enterprises mechanical engineering should be associated with the constant maintenance of product competitiveness in the world market. To do this, it is necessary to ensure high product quality and compliance with environmental requirements.

Here are the main requirements, the implementation of which is appropriate not only for effective management of export activities, but also to increase production and sales of machine-building enterprises: the full cycle of production; stable channels for the promotion of goods; constant monitoring market; expansion of markets abroad;

conclusion of new contracts and many other tasks, some of which can be performed by properly organized management of export activities at the machine-building enterprise.

1.2. Analysis of the world market of machine-building products and factors of influence

The global agriculture equipment market size is expected to reach \$166,491.6 million in 2027, from \$124,000.0 million in 2019, growing at a CAGR of 6.0% from 2020 to 2027. Agriculture equipment include the use of tractors, harvesters, plows, and cultivators to assist in various farming activities (Industry ARC).

If we talk about the volume and structure of world trade in agricultural equipment, then at the time of preparing our study, the most relevant available material was the UN Comtrade report for 2019 (2019 International Trade Statistic Yearbook).

In UN Comtrade analytics, agricultural machinery is represented in two SITC aggregated codes: 721 (Agricultural machinery (excluding tractors) and parts thereof) and 722 (Tractors (other than those of headings)). As for the last code, although it includes tractors not only for agricultural purposes, but also universal and construction machines, but the bulk of it is occupied by agricultural technology. The dynamics of world exports of agricultural machinery for period presented below – Table 1.1.

And conditionally, in order to understand the emerging trends and dynamics, one can take the entire volume of trade represented by the code as agricultural products. Then the total volume of world exports of agricultural machinery at the end of 2019 can be estimated at 124,8 billion US dollars. Thus, the share of code 722 (tractors) accounted for 45,1% of the total export of agricultural machinery.

Table 1.1.

Dynamics of world exports of agricultural machinery for 2015–2019, billion USD

SITC code, name	2015	2016		2017		2018		2019	
	In fact	In fact	Growth	In fact	Growth %	In fact	Growth %	In fact	Growth %
721, agricultural machinery and their parts (excluding tractors)	33,3	33,0	-0,9%	38,0	15%	49,2	29,5%	48,7	-1%
722, tractors	19,1	17,6	-7,9%	19,6	11,4%	58,8	200%	56,3	-4,3%
Total	52,4	50,6	-3,4%	57,6	13,8%	108	87,5%	105	-2,7%

Source: UN Comtrade.

In terms of the dynamics that the market has shown in recent years, UN Comtrade data show that after the fall in the volume of world exports in 2015-2016, in 2017 it showed a growth, having increased by almost 14% compared to 2016. Both in 2018 and 2019, compared to 2017, the volume of exports almost doubled (87,5% growth), mainly due to the trade in tractors.

From a continental perspective, suppliers in European countries sold the highest dollar worth of exported tractors during 2019 with shipments valued at \$32.4 billion or 57.4% of the global total. In second place were North American exporters at 28.9% while 11.8% of worldwide tractors shipments originated from Asia. Smaller percentages came from shippers in Latin America (1.4%) excluding Mexico but including the Caribbean, Africa (0.3%), and Oceania (0.1%) led by Australia.(International Trade Administration)

By value, the listed 15 countries (Table 1.2) shipped 88.9% of globally exported tractors in 2019. Among the top exporters, the fastest-growing exporters of tractors since 2015 were: Turkey (up 216.1%), Netherlands (up 31.9%), France (up 19.1%) and United States (up 18.6%). Those countries that posted declines in their international sales of tractors were led by: Spain (down -11.5%), China (down -9.4%), Italy (down -8.3%).

Table 1.2

Export volume of agricultural tractors by major exporting countries of agricultural machinery, 2019

RANK 2019	EXPORTER	EXPORTED TRACTORS (US\$)	GROWTH,%
1.	Mexico	\$9,788,357,000	-0.8%
2.	Germany	\$8,710,929,000	-8.4%
3.	Netherlands	\$6,371,906,000	-0.8%
4.	United States	\$6,020,468,000	3%
5.	France	\$3,605,810,000	-10.6%
6.	Belgium	\$2,961,707,000	+10.1%
7.	Japan	\$1,876,806,000	+1.6%
8.	Sweden	\$1,653,353,000	-18.2%
9.	Italy	\$1,649,190,000	-0.2%
10.	United Kingdom	\$1,544,336,000	-13%
11.	China	\$1,434,185,000	-1.6%
12.	Turkey	\$1,351,823,000	1%
13.	Spain	\$1,187,122,000	25%

Continuation of Table 1.2

14.	Austria	\$1,046,728,000	-10.9%
15.	Poland	\$896,588,000	-10.8%

Source: TradeMap and OEC

By value, the listed 10 countries (Table 1.3) shipped 70.8% of globally exported agricultural machinery excluding tractors in 2019. Among the top exporters, the fastest-growing exporters of agricultural equipment since 2016 were: India (up 98.1%), Netherlands (up 28.7%), USA (up 17.2%) and Finland (up 12.6%). Those countries that posted declines in their international sales of agricultural machinery excluding tractors were led by: Spain (down -10,2%), China (down -9.6%), Italy (down -8,9%).

Table 1.3

Export volume of agricultural machinery (excluding tractors) by major exporting countries of agricultural machinery

RANK (2019)	EXPORTER	EXPORTED AGRICULTURAL MACHINERY (EXCLUDING TRACTORS)(US\$)	GROWTH,%
1.	Germany	\$8,745,337,000	1.1%
2.	Mexico	\$7,630,309,000	6.1%
3.	Netherlands	\$6,076,870,000	0.8%
4.	USA	\$5,727,532,000	4%
5.	China	\$5,695,230,000	-5.6%
6.	Canada	\$2,952,707,000	2.1%
7.	Finland	\$1,534,778,000	1.2%
8.	France	\$ 920,677,000	1.2%
9.	Spain	\$ 832,980,000	-0.2%
10.	India	\$ 811,221,000	-2%

Source: TradeMap and OEC

Based on the data from Figure 1.1, we can draw the following conclusions:

- The top importers of agricultural tractors are the USA (9%), France (7%), Canada (7%) and Germany (6%).
- Top 10 importing countries are closed by Spain (3%) and Russia (2%).
- The considered 10 countries import almost 50% of all manufactured products.

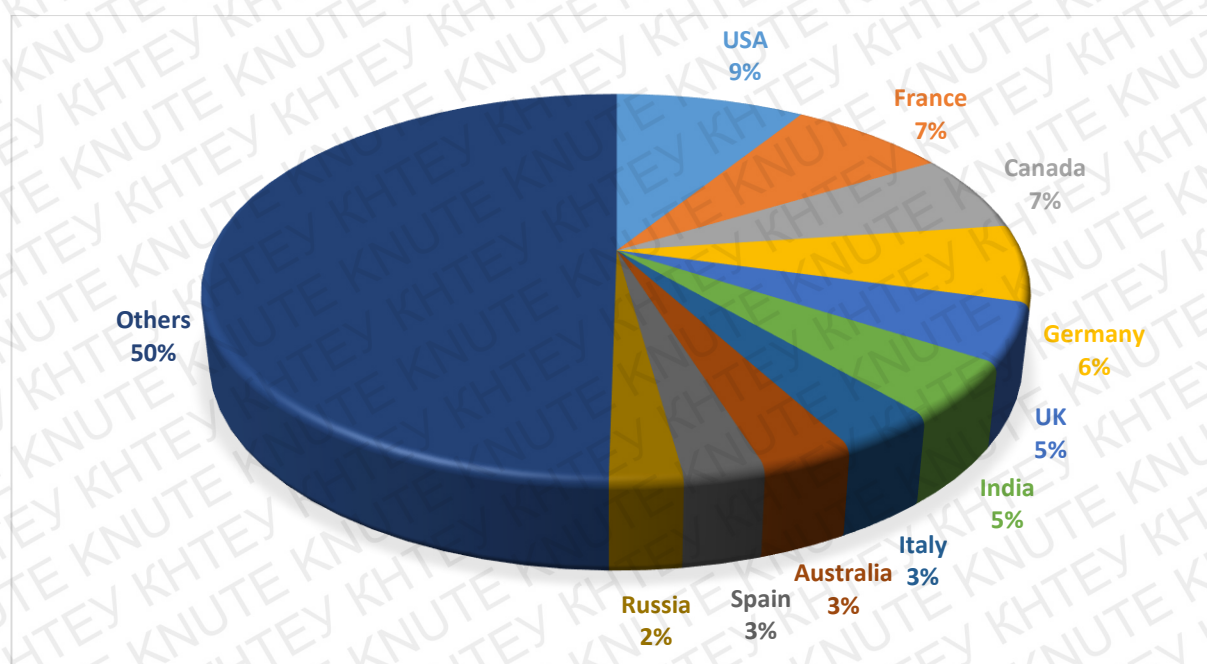


Figure 1.1. Share of imports of tractors, by countries, 2019

Source: Trendeconomy

Top importers of agricultural equipment and machinery, excluding tractors (Figure 1.2), are: United States (12,20%), Russia (7,29%), Germany (6,22%). China decreased its import this year (1,94%). Below in figure 1.2 we can see the top importing countries.

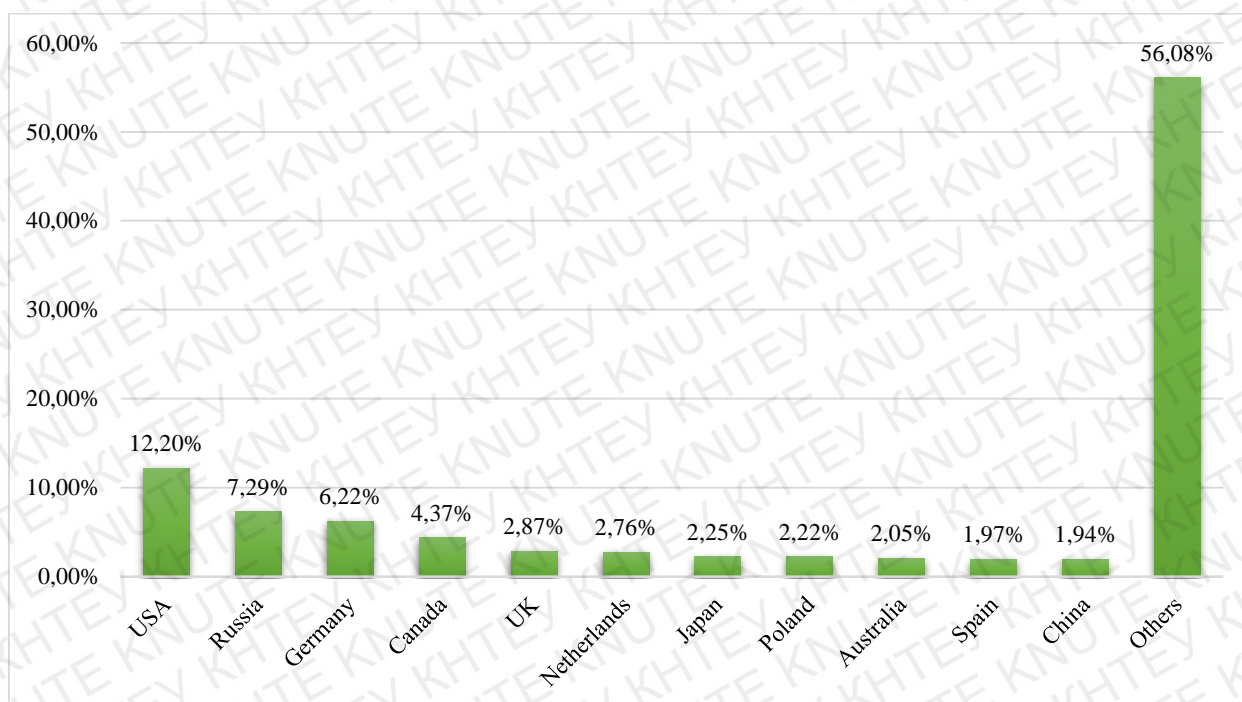


Figure 1.2. Share of imports of agricultural machinery excluding tractors, 2019

Source: Trendeconomy

The main factors that affect the market. *Growth rates.* The global agricultural equipment market is thriving due to population growth around the world, leading to increased demand for food and crop production along with technological advances. In addition, the growing introduction of mechanization in the agricultural sector, combined with the many benefits offered by agricultural machinery and equipment, such as reduced time, high productivity and higher profits, will have a positive impact on the growth of the agricultural equipment market in the coming years (World bank).

Growing demand for farm mechanization from China and India. The world market for agricultural machinery in general and tractors is represented by the growing pace of mechanization in developing countries. Tractors are accounted as more than half of the market share in the global market for agricultural machinery in 2019. Due to the growth of agricultural mechanization in China and India, investment in agriculture and government efforts to mechanize agriculture increased. The Chinese government provides both direct and indirect subsidies to farmers for the purchase of agricultural equipment and machinery. Investments in mechanization of farms are the result of an increase in the number of large agricultural producers and new rural organizations engaged in agriculture (FAO). In India, the trend towards large-scale companies providing individual rental of agricultural machinery is contributing to the growth of mechanization of farms.

Barriers. Rapid urbanization in both developed and developing countries leads to the loss of arable land. This reduction in high-value arable land associated with advanced agricultural equipment is expected to slow the growth of the global agricultural equipment market over the period 2020-2025 (CEMA).

COVID-19. Before we witness stabilization in the machine-building sector in Europe and North America, the Asia-Pacific region is estimated to be gradually recovering, such as countries such as China, India, South Korea and Japan, which will increase opportunities for recovery from losses during COVID-19. As the largest market in Eastern Europe, Russia is estimated to suffer the least. But there exists an estimate of the probability of reducing the volume of business of agricultural equipment and machinery to the level of previous years.

As a result of controlling and eliminating the growing number of coronavirus cases and satisfying attempts at the necessary medical devices by providing effective medical services, there is an increase in government investment in the healthy food sector and, accordingly, the agricultural equipment sector. There is an estimate of the probability of reducing the volume of business of agricultural equipment and machinery to the level of previous years (AlliedMarketResearch).

Agriculture Equipment Market Key Players. It is obvious that companies which dominate the market are the ones with headquarters located in the most developed countries of the world. And as we noted earlier, for a long time, only a few companies have played a decisive role in the global agricultural machinery market: John Deere (USA), Case New Holland (CNH) (USA), AGCO Corporation (USA), Claas (Germany), Same -Deutz-Fahr (SAME, Italy), Kubota Corporation (Japan). The listed market players significantly exceed all others in terms of physical volumes of sales and revenue. To assess the place that the listed companies occupy in the world market, we provide data on sales in Table 1.3.

Table 1.3.

Dynamics of revenues of the largest agricultural machinery manufacturers, USD billion

Company	2016	2017	2018	2019
John Deere & Co.	26,64	29,74	37,4	39,26
CNH Industrial N.V.	24,82	27,7	29,71	28,08
Kubota Corp.	13,95	14,69	15,55	16,77
AGCO Corp.	7,41	8,31	9,35	9,04
Claas'	4,02	4,25	4,59	4,62

Source: ET Markets

In accordance with the official reporting of John Deere & Co., the figure under consideration was \$ 39.26 billion. If we compare this figure with the total volume of the world market for agricultural equipment, which amounted to 146.2 billion US dollars at the end of 2019, we will see that the share of only one John Deere & Co. has reached about 26.85%. Here it is necessary to make a reservation that the same John Deere & Co. produces not only agricultural machinery, but also construction and forestry machines. And the revenue shown in the table is the total for all segments of the equipment produced by the company. However, the overwhelming volume of John Deere & Co. sales falls on

agricultural equipment (same situation with CNH Industrial N.V and Kubota Corp.), and companies such as AGCO Corp. and Claas' specialize exclusively in agricultural equipment.

All these key and niche players are working towards the development of technologically advanced agricultural equipment by spending on research & development activities that has further enabled the companies to gain competitive edge in the agricultural equipment market.

Conclusions to part 1.

In this part main organizational forms of enterprise management, principles and functions of management of the enterprises of Ukraine in general and enterprises of machine-building branch in particular were considered. The organizational management structure of the foreign economic relations department and the number of issues provided by this department was conducted.

In conclusion we understand that for effective management of foreign economic activity at the enterprise level, a management structure adequate to the conditions of its work is needed. The organizational structure of management of foreign economic activity of an enterprise is determined, first of all, by those goals and tasks that it is designed to solve.

Also based on the analysis of the world market of agricultural machinery and equipment, we can conclude the following: in recent years (2018 and 2019), there has been a significant increase in the volume of agricultural machinery sold in the international market; the main players in the global agricultural machinery market are the following countries: Germany, Mexico, the Netherlands (as exporters) and the USA, Russia, Canada (as importers); the main manufacturers of these products are John Deere & Co, AGCO Corp etc.

The main factors influencing the agro machinery and equipment market in 2020 are population growth, the growth of the agricultural sector in China and India, urbanization of cities and the situation with the COVID-19.

PART II

ANALYSIS OF BUSINESS DYNAMICS AND FOREIGN ECONOMIC ACTIVITY AT “ZAVOD KOBZARENKO” LLC

2.1 Analysis of the structure of production and foreign economic component of “Zavod Kobzarenko” LLC

“Zavod Kobzarenko” LLC is a Ukrainian industrial enterprise, which was founded in 1993 as the Ukrainian-German company Wing, and renamed “Zavod Kobzarenko” in 2008. The company started its activity with the production of wheelbarrows and carts for homesteading.

Employees. As of January 1, 2020, the plant employs 850 workers and engineering and technical personnel, and more than 150 new jobs have been created during the year. The average salary at the plant exceeds 12.5 thousand hryvnias. Convenient and comfortable transportation of employees from nearby villages and towns to the plant territory has been established.

The design department of the plant employs 18 people who visit specialized European exhibitions, analyze the equipment of competitors and, based on market needs, implement the latest developments in production.

Products. Today “Zavod Kobzarenko” LLC is the number 1 manufacturer of tractor trailers in Ukraine. The plant produces:

- 20 types of trailers;
- 9 types of reloading bunkers;
- 10 types of tanks for water, slurry and plant protection products;
- 20 types of various augers;
- loaders / unloaders of cars;
- straw bale trailers;
- grain packaging equipment;
- screw constructions;
- dumps and buckets;

- mineral fertilizer spreaders and more.

Enterprise resources. The enterprise has the necessary testing facilities and is provided with all the necessary engineering networks and power supply and communication systems, which enable stable operation. The production structure includes: main production; auxiliary shops; service economy; side shops; auxiliary shops.

We start our research with an analysis of enterprise. First of all, it is necessary to consider the volume of output and the volume of sold industrial products (the required data are provided in Table 2.1). Based on these indicators, we can conclude that the volumes have growth trends for the period 2017-2019. In the future, there are no signs to believe that the company will reduce its volumes, therefore, growth is also observed in the forecast period.

We can also consider that the enterprise is extremely efficient, since the production volumes are actually equal to the volume of sales of products (this means the product is attractive to buyers).

Table 2.1.

Quantitative and qualitative criteria of implementation efficiency

Indicator	2015	2016	2017	2018	2019
Volume of sold industrial products at current prices - total (in thousands of USD)	17,897	19,227	27,315	33,631	35,462
The volume of output at current prices - total (in thousands of USD)	17,120	18,456	25,052	33,05	34,932

Source: Program of economic and social development of Sumy region

An economic activity of “Zavod Kobzarenka” LLC with the indicators of the financial result of the enterprise for 2017-2019 is illustrated in Table 2.2.

Table 2.2.

Profit indicators of “Zavod Kobzarenka” LLC (in thousands, USD)

Indicator name	2015	2016		2017		2018		2019	
	in fact	in fact	Growth %	in fact	Growth, %	in fact	Growth, %	in fact	Growth, %
Gross profit	3,989	5,879	47,4%	8,093	37,7%	9,350	15,5%	8,753	-6,3%

Operating profit	3,618	5,107	41,2%	7,027	37,6%	8,243	17,3%	6,635	-19,5%
EBITDA	3,801	5,448	43,3%	7,507	37,8%	9,045	20,5%	7,719	-14,7%
Net profit (loss)	2,914	4,074	39,8%	5,657	38,9%	6,600	16,7%	4,943	-24,8%

Source: Compiled by author using Appendices A, B, C, D, E

Below is the dynamics of financial performance of the enterprise in this period, which was compiled on the basis of the Statement of Financial Performance.

All indicators of “Zavod Kobzarenka” LLC for the entire period show unstable dynamics. During 2015-2018, we observe an increase in all indicators by 40% or more in 2016 and by 15% or more in 2018 respectively in, but then in 2019 again there is a decrease in all indicators. The company has such results despite the stable growth of total operating revenue presented in figure 2.1.

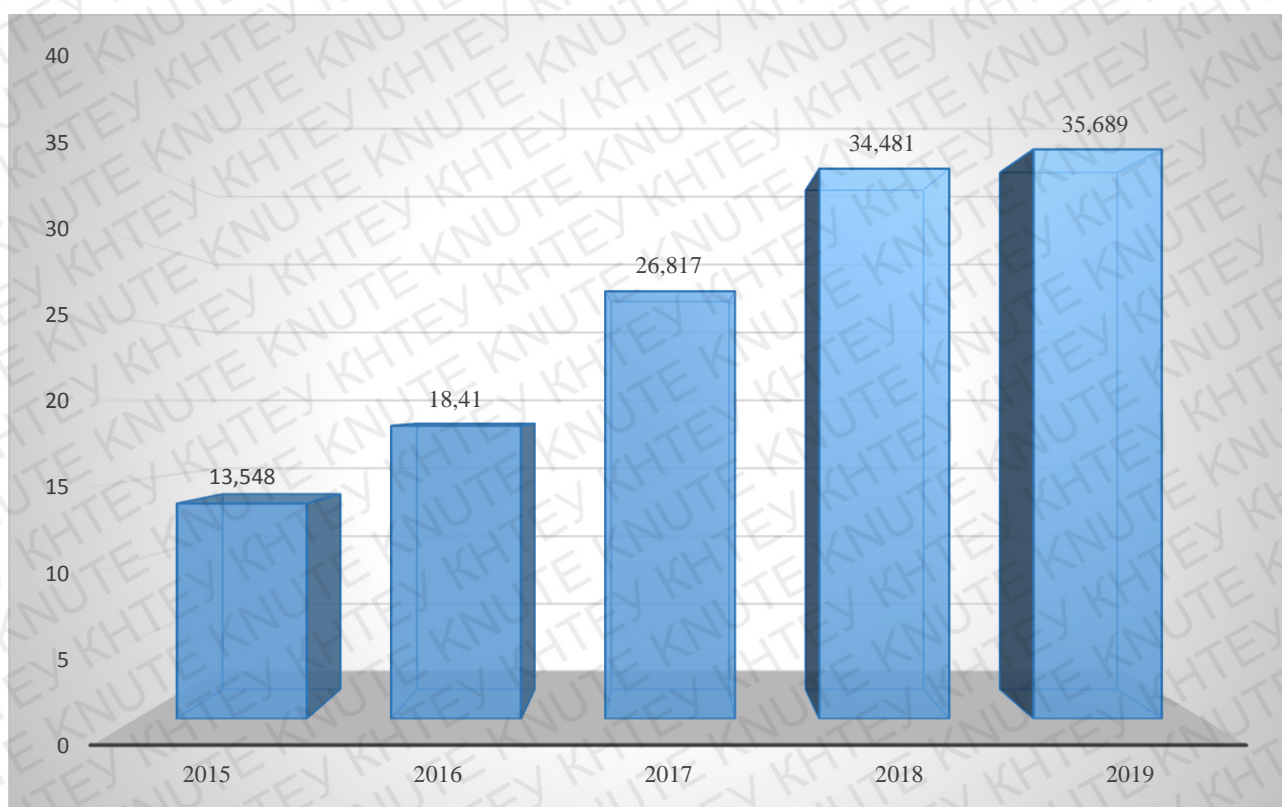


Figure 2.1. Total operating revenue by 2016-2019 in USD thousands

Source: Compiled by the author using Appendices A, B, C, D, E

Net Profit Margin. As a result, company has negative dynamic of this ratio. We clearly see that in for each 1 USD of revenue in 2016 the company earned 0.22 USD in

net profit and in 2019 – 0.14 USD. It can be explained with deterioration of cost structure or poor pricing strategy.

The same negative effect we see in other indicators. Decrease in OP Margin ratio and in GP Margin Ratio may be caused by increase in competition (saturation in existing markets forcing companies to seek business in less profitable markets). Net Profit Margin, OP Margin ratio and GP Margin Ratio depicted in the figure 2.2).

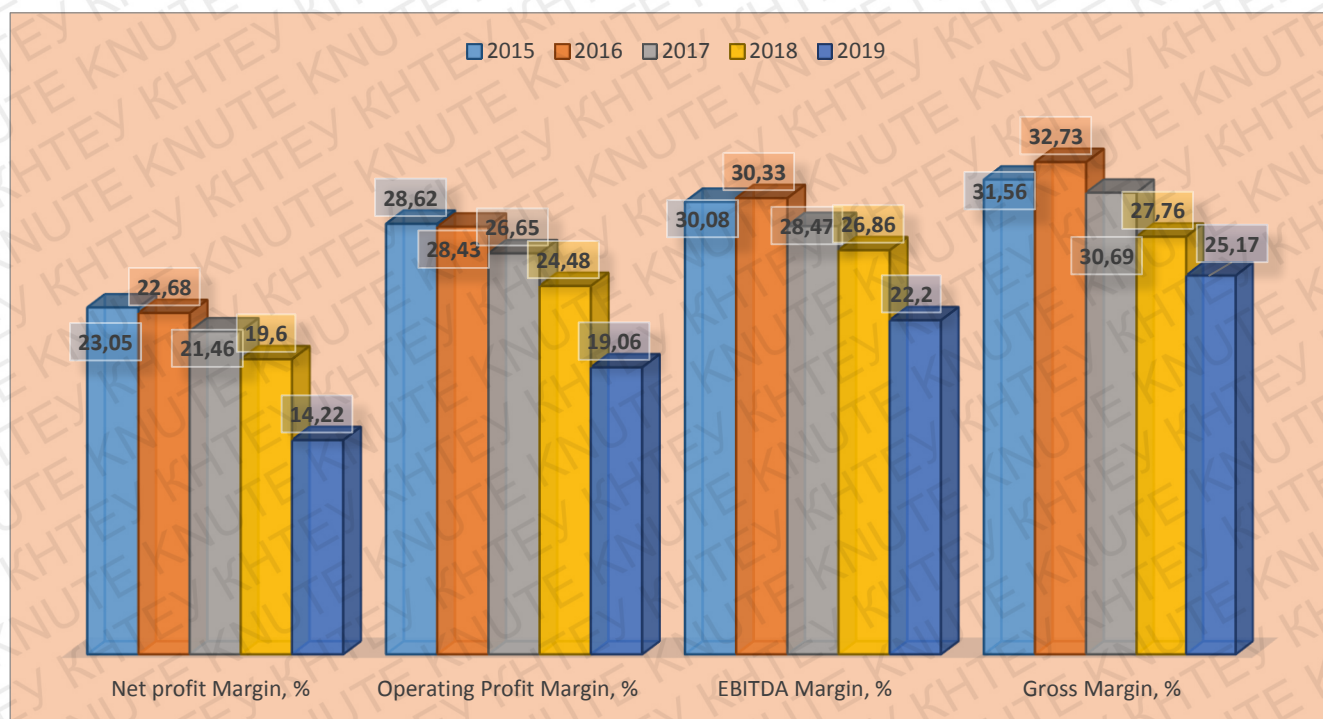


Figure 2.2. - Key Financial Highlights for the period 2015-2019

Source: Compiled by the author using Appendices A, B, C, D,E.

As for ROA, the effectiveness of the company's management using its assets to generate net profit declines over the period under review. Relative to the ROE indicator, the efficiency of the funds invested in business also decreases. According to the financial indicator of ROCE, we see a decrease in the volumes of operating profit generated by the invested capital (equity + long-term liabilities). These results can be seen more clearly in the figure 2.3.

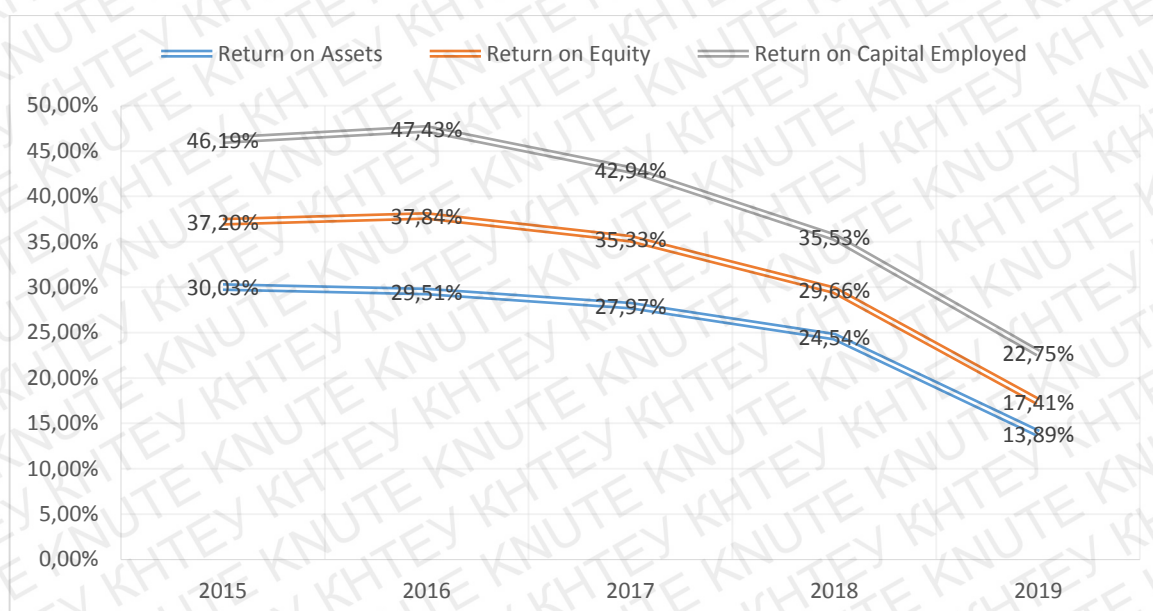


Figure 2.3. Key profitability indicators for the period 2015-2019

Source: Compiled by the author using Appendices A, B, C, D, E.

We also analyzed these indicators in comparison with other companies from this industry in the domestic market in 2019. Data for analysis is provided in the table 2.3 below.

Table 2.3

Agricultural Implement Manufacturing in Ukraine (in thousands, USD)

Company	Total Operating Revenue	Operating Profit (EBIT)	Net Profit (Loss) for the period	Return on Assets (ROA) (%)	Return on Equity (ROE) (%)	Fiscal year
Ukravtozapchastyna LLC	46,788	88	-356	-1.79	-12.65	2019
Zavod Kobzarenka LLC	35,689	6,635	4,943	13.89	17.41	2019
Kharkiv Tractor Plant, PJSC	33,244	3,230	2,781	5.61	-19.79	2019
Veles-Agro LLC	19,655	160	51	0.57	1.13	2019
Romenskyi zavod Tractorozapchastyna PJSC	16,422	634	507	4.98	7.50	2019
Bohuslavska Silhosptekhnika PAO	11,829	2,797	2,264	19.23	27.24	2019
Vyrobnyche Obiednannya Tekhna LLC	11,809	-473	-574	-6.82	-25.84	2019

Source: Compiled by the author using Appendix E and Business directory of Ukrainian enterprises.

From this table we see that the leader among domestic manufacturers of agricultural machinery is Zavod Kobzarenka LLC. Of course, it is impossible not to take into account that in 2019 the first place for sales is occupied by the Ukravtozapchastyna LLC, but if we analyze other indicators of productivity of companies, we see a negative trend. And Zavod Kobzarenka LLC takes the lead in the Ukrainian market with its results during last years, not only in 2019.

In addition to own production equipment, Zavod Kobzarenka LLC is a dealer in Ukraine of well-known world brands and offers:

- balers McHale (Ireland), Ursus (Poland);
- harvesters Olimac Drago (Italy)
- wood chippers Ashlbeck Bieber (Austria), Les Farmi (Finland), Wallenstein (Canada);
- wood-burning boilers for solid fuel boilers BUDKOT (Poland).

As at most enterprises, at Zavod Kobzarenka LLC, foreign economic activity has taken the form of foreign trade, the objects of which are:

- products manufactured by the enterprise;
- information that provides the buyer with information about the technical characteristics of the product, the conditions of its operation, etc. and reflected in the product passport;
- intellectual property accompanying a foreign trade contract when selling the company's products (information on the procedure for installation, start-up, commissioning, maintenance of equipment).

Zavod Kobzarenka LLC offers its customers not only the supply of quality equipment both its own production and well-known world manufacturers on the most favorable terms, but also repair and service. Customers can receive high-quality professional service warranty and post-warranty service and troubleshooting. The company is always provided with components and spare parts, which contributes to the repair of equipment at the highest level and in the shortest possible time.

Zavod Kobzarenka LLC adheres to an export strategy to enter international sales markets. The company enters foreign markets through direct export. The company works

with customers directly (searches for a customer, prepares the necessary documents, makes calculations, prepares a business case for the need to work with this partner, negotiates, concludes contracts, implements the terms of contracts, etc.).

The company agreed with dealers to sell its equipment in Germany. Zavod Kobzarenka LLC also sell under the German brand “Grand Meyer”. This is due to the fact that Germans trust their own, they do not want to buy Czech, Polish or Ukrainian equipment. And for Zavod Kobzarenka LLC, this is not fundamental, because company creates added value in our country, pay salaries to Ukrainians and export quality goods and get profit.

Product strategy of Zavod Kobzarenka LLC. Traditionally, international marketing has used several product strategies. Zavod Kobzarenka LLC adheres to a simple expansion strategy, that is, it produces the same product for the domestic and foreign markets. When conducting foreign trade negotiations, customers sometimes require some changes in the completeness of products, design, etc., without changing Its fundamental characteristics. In this case, the enterprise resorts to a product adaptation strategy, that is, it makes minor changes to the acquired goods. For example, for the delivery of products to the countries of the tropical zone, a special paint was applied to the painted parts of the supplied equipment to repel mosquitoes.

In recent years, Zavod Kobzarenka LLC has demonstrated the following results from export activities:

- 2018 - exports accounted for 36% of all revenues, in monetary terms it is 12,413 thousands USD
- 2019 - the share of export among sales is 40% - 14,275 thousands USD
- 2020 year - at the time of writing, the export share was 52% against 48% of domestic trade (Agravery).

The reason for this division lies in part in the economic crisis in Ukraine and the collapse of the hryvnia by 20%. This affected the procurement of Ukrainian companies. But European farmers continue to buy trailers, bunkers, etc. from the Zavod Kobzarenka LLC.

Another reason is that the plant in 2019 took part in more than 30 exhibitions in Ukraine and mainly abroad. During the year they presented their equipment in France, Germany, Spain, Sweden, Hungary, Poland, the Czech Republic, Romania, Bulgaria, Serbia, Kazakhstan, Estonia, Ukraine. Participated in more than 10 field days and farm days, international congresses. Everywhere company presented products and new orders, new ideas, new contracts were brought after this exhibitions.

The effectiveness of the exhibitions is evidenced by the fact that the plant was visited by delegations from Australia, Serbia, Estonia, Sweden, Norway, Germany, Slovenia, Romania and others. countries that first got acquainted with the plant at exhibitions. And as a result we see such changes in export and domestic trade on figure 2.4.

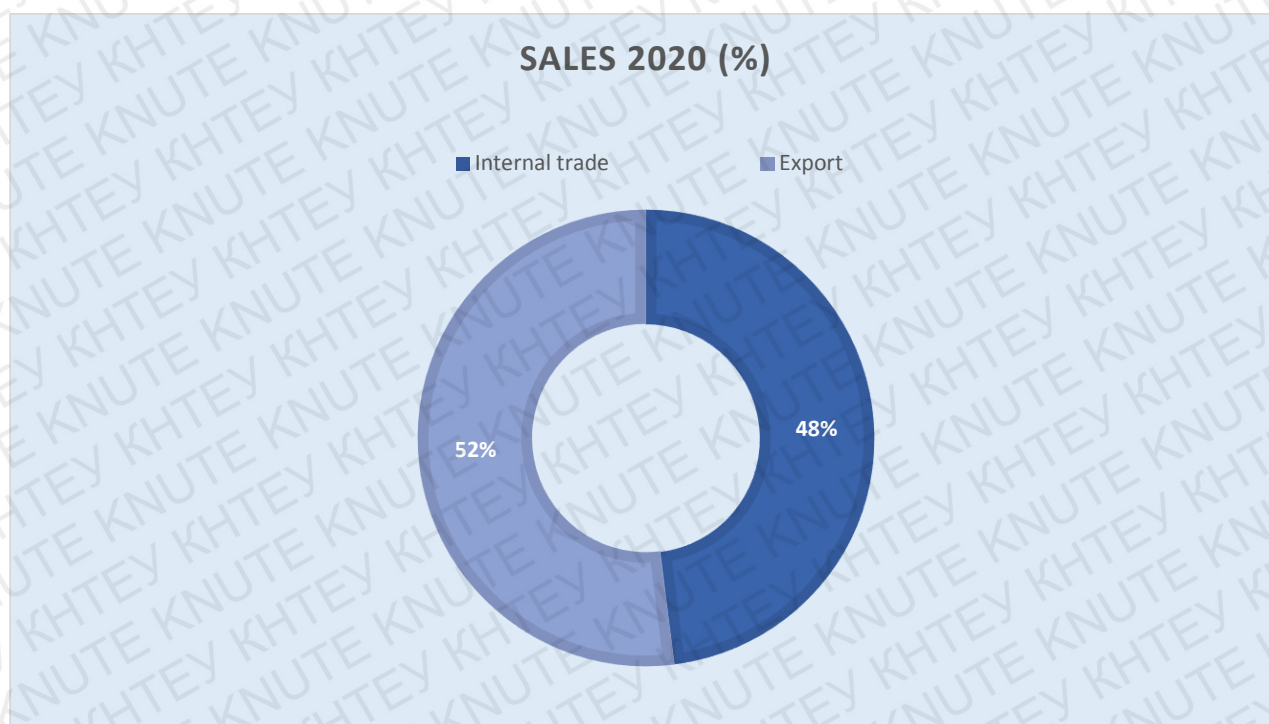


Figure 2.4. Share of domestic trade and exports from total sales 2020

Source: Agravery

In the domestic market, the company receives the bulk of profits from two agricultural companies: KERNEL and AGRO-Resource. Shares in total sales in the Ukrainian market are - 37% and 26% respectively

Top importers of products from “Zavod Kobzarenko” LLC in 2020.

1. Hungary – 15% of total sales.
2. Kazakhstan – 12 % of total sales.

3. Germany – 11% of total sales

Among the promising markets, the company sees the North African countries of Egypt and Morocco, as well as Pakistan and China.

2.2 Assessment of the development of international trade and reserves of the enterprise to increase the volume of foreign economic transactions at the enterprise at “Zavod Kobzarenko” LLC

The foreign economic activity of an enterprise is an integral part of its economic life and, if properly organized, can become a source of significant additional income. Analysis of foreign economic activity will allow to consider the current state of the enterprise and the prospects for its development, as well as to make optimal management decisions of a tactical and strategic nature, identifying the reserves for increasing the efficiency of the organization.

The purpose of the analysis of the organization's foreign economic activity is to determine the impact of foreign economic operations on the indicators of financial and economic activities of organizations and to assess the prospects for their development.

The analysis of foreign economic activity is used to solve the following tasks:

- identification of the volume, share of exports in the total volume of proceeds, and assessment of the dynamics of these indicators;
- assessing the dynamics and structure of expenses for export operations;
- evaluating the efficiency of using working capital in the implementation of export operations.

It is advisable to begin the analysis of the effectiveness of foreign economic activity by considering the indicators of profitability of the organization's foreign economic activity. The indicator of the economic effect from the export of products characterizes the amount of excess foreign exchange earnings from exports over costs.

“Zavod Kobzarenko” LLC is one of the leaders in the export of agricultural machinery in Ukraine. The company's foreign economic activity began to develop about 25 years ago, during this time more than 70 export contracts were concluded for the

supply of more than 50 types of agricultural equipment. The geography of supplies covers the whole country, as well as such countries as: Germany Czech Republic, Italy, Bulgaria, Poland, UAE, Great Britain, Moldova, Hungary, Kazakhstan, etc. We start the analysis with the indicators presented in table 2.4.

Table 2.4.

Dynamics of profitability indicators of export-import operations of Zavod
Kobzarenka LLC

Indicator	2015	2016		2017		2018		2019	
	fact	fact	growth	fact	growth	fact	growth	fact	growth
Revenues from sales products, thous. USD	12,64	17,962	42,1%	26,367	46,8%	33,677	27,7%	34,769	3,3%
incl. for export, thous. USD	5,183	7,185	38,6%	9,228	28,4%	12,413	34,5%	14,275	15%
incl. for internal trade, thous. USD	7,457	10,777	44,5%	17,139	59,03%	21,264	24,07%	20,494	-3,62%
All costs of exported products, thous. USD	4,132	6,646	60,8%	7,309	10,0%	8,758	19,82%	10,406	18,82%
Cost of goods sold (exports), thous. USD	3,589	5,645	57,3%	6,396	13,3%	6,876	7,50%	8,123	18,14%
Cost of goods sold, (internal trade) thous. USD	5,062	6,438	27,2%	11,878	84,5%	17,451	46,92%	17,892	2,53%
Economic effect of exports, thous. USD	1,051	0,539	-48,7%	1,919	256,0%	3,655	90,5%	3,869	6%
Economic effect of internal trade, thous. USD	2,395	4,339	81,2%	5,261	21,2%	3,813	-27,52%	2,602	-31,76%
Economic efficiency of exports	1,25	1,08	-13,8	1,26	16,8%	1,42	12,3%	1,37	-3%

Continuation of table 2.4.

Economic efficiency of internal trade	1,47	1,67	13,6%	1,44	-13,8%	1,22	-15,6%	1,15	-6%
Profitability exports, %	144%	127%	-11,9%	144%	13,4%	181%	25,1%	176%	-3%
Profitability internal trade, %	147%	167%	13,6%	144%	-13,8%	122%	-15,6%	115%	-6%

Source: Compiled by the author using Appendices A,B,C,D,E.

The data in Table 2.4 allow us to conclude that there is an emerging trend of increasing the profitability of export sales. Thus, the profitability of export sales indicates that in 2016 the share of export profit in the proceeds from the sale of exported products was 127%, and 181% in 2018. The cost of exported products increased slightly throughout the period under review (not exceeding 20% increase every year).

It should be mentioned that the company is successful in the domestic market. The only obstacle to the constant growth of economic efficiency and profitability indicators is the fact that domestic agricultural companies are more interested in imported equipment, although they can use Ukrainian (this is the main problem of the Ukrainian market)

The indicator of export efficiency indicates how effectively the company conducts its foreign economic activity. At Zavod Kobzarenko LLC, this indicator is more than one and higher than the efficiency of sales on the domestic market, which indicates that the sale of goods on the foreign market will be more profitable compared to sales within the country (profitability of exports – 181%, profitability of internal trade 122% in 2018).

As we see from the table 2.4 the indicators of economic efficiency of exports and profitability of exports continue to grow during the period under review (the only exception is 2015-2016. The reason may be that during this period, the company stopped its foreign economic relations with the large Russian market, which accounted for a significant part of the company's exports earlier, based on the current political situation.

All this indicates a positive trend in the foreign economic activity of the enterprise for years 2016-2019. The figures 2.5 and 2.6 below clearly demonstrate our calculations.

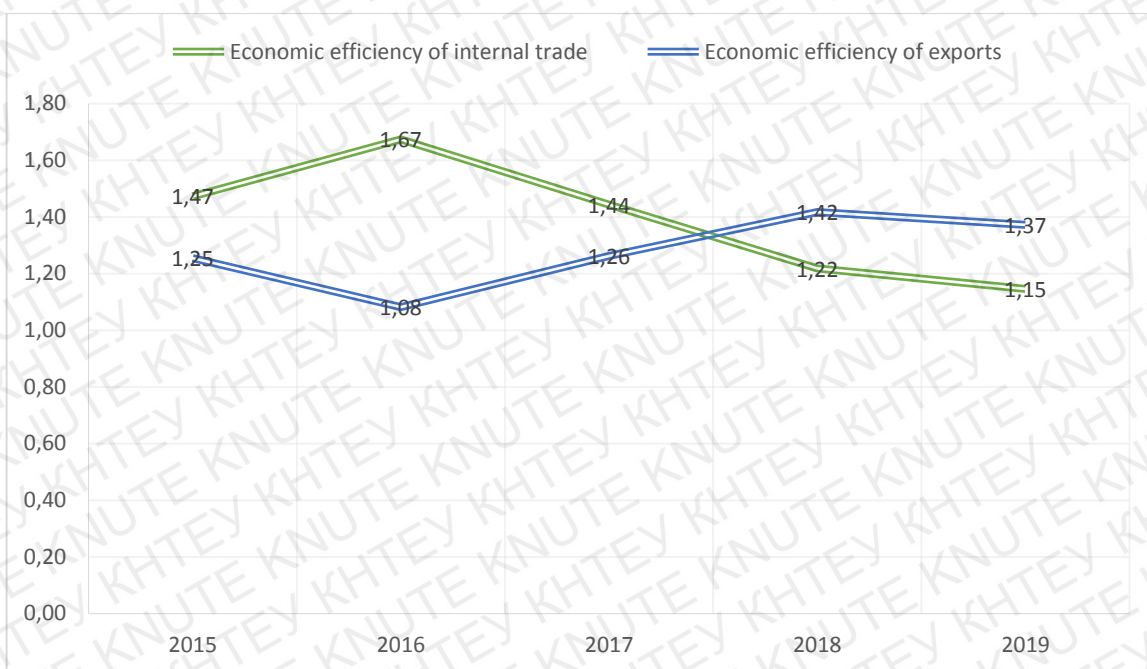


Fig 2.5 Dynamics of indicators of economic efficiency of internal trade and exports
2015-2019

Source: Compiled by the author based on enterprise reporting

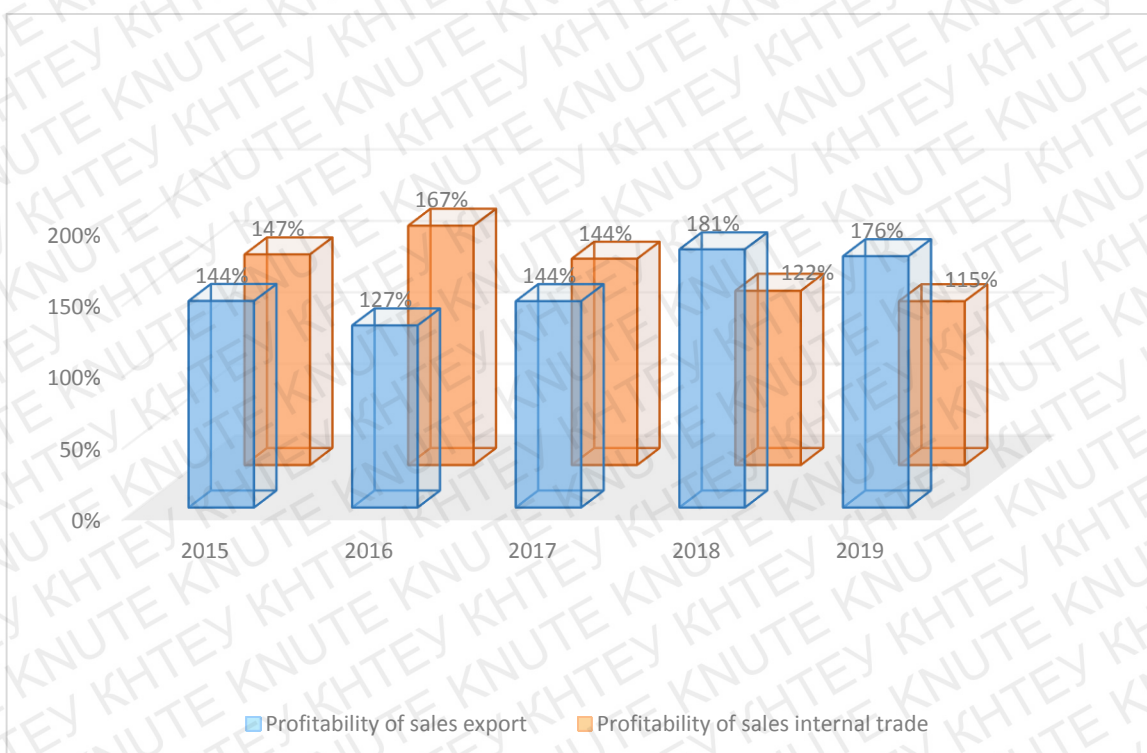


Fig 2.6 Dynamics of indicators of profitability of sales 2015-2019

Source: Compiled by the author based on enterprise reporting

To get a clearer picture of the state of the company, you can calculate the liquidity ratios (Table 2.5)

Table 2.5

Liquidity indexes (Zavod Kobzarenka LLC)

Index	on 31.12. 2015	on 31.12.2016	on 31.12.2017	on 31.12.2018	on 31.12.2019
<i>Current Ratio</i>	3.32	3.12	3.7	5.2	4.05
<i>Quick Ratio</i>	0.85	0.66	0.87	0.92	1.25
<i>Cash Ratio</i>	0.11	0.15	0.2	0.09	0.49

Source: Compiled by the author using Appendices A, B, C, D, E

Current Ratio - shows the company's ability to fulfill its short-term obligations to be repaid during the year at the expense of current assets. Thus, the current ratio assesses the company's solvency and how it can maximize the liquidity of its current assets to meet liabilities with maturity up to 12 months.

The normal value of the current liquidity ratio of an enterprise is considered to be 2, which means that Zavod Kobzarenko LLC during 2015-2017 period is capable of fully to cover short-term liabilities at the expense of current assets. We can see no high risk of debt or default.

In the case when the value of the Current Ratio is very high 2018-2019 - Zavod Kobzarenko LLC leaves unused excess cash, and does not invest in the development of its business, profitability decreases accordingly, since liquidity is inversely proportional to profitability. In this regard, company need to look for a compromise between profitability and liquidity of the company.

Quick Ratio - shows the company's ability to meet its short-term obligations using the most liquid assets. The normal value of the quick ratio is considered to be 1, which means that the company in 2018 is fully equipped with a sufficient number of current assets for immediate liquidation to pay off its current liabilities. While in 2019 with a quick liquidity ratio (1.25) above 1 can instantly get rid of its current liabilities.

As for Cash Ratio, a value of 0.2 or more is most often used as a reference point for the normal value of the indicator. However, over the period under consideration, we

see very different meanings. But we consider that in 2019 too high value of the coefficient indicates unreasonably high volumes of free funds that could be used for business development.

Despite all the company's results, we propose to consider the reserves of the enterprise which can increase the volume of foreign economic transactions at the enterprise at Zavod Kobzarenko LLC

To increase the profit of the enterprise, the use of reserves is necessary. Reserves for increasing profits are: an increase in the volume of sales, an increase in prices, a decrease in the cost of marketable products, sales in more optimal terms (Sichevskiy, 2019 p.1442).

In the analyzed enterprise, three reserves can be used:

1. Increase in production output. most in demand;
2. Rationalization of the use of fixed assets;
3. Saving resources

Consider the reserve obtained by increasing the output of the most popular types of products. Suppose that an enterprise produces 20 bunkers of PBN-50 grain reloaders, which have their own cost price - USD 31,500 per unit; the cost price of one trailer is variable costs USD 17,300 - and fixed costs - USD 14,200. pcs., If we increase the amount on 100 units the following changes will occur:

- Variable costs will increase: $17,300 * 100 + 17,300 * 20 = 2,076,000$ USD
- Cost of sales will increase: $2,076,000 + 14,200 = 2,090,200$ USD
- The revenue of the enterprise as a whole will increase due to an increase in the production of trailers USD 6,240,000 USD (since the cost of one bunker is 52,000 USD).

Profit from sales in the reporting year amounted to 410,000 USD, and in the forecast period it will amount to 4,149,800 USD.

For the rational use of fixed assets of Zavod Kobzarenko LLC, it is necessary to sell unexploited machines. Selling these machines will reduce depreciation costs. Also in this case, you can reduce the property tax. all this will increase the reserves of the enterprise.

Saving resources. On the territory of Zavod Kobzarenko LLC there are 2 boilers with a capacity of 1 megawatt, which fully provide heating of the entire plant and production of products. It also reduces costs for the enterprise. Also, over the next two years, it is planned to install a power plant near the plant, which will be able to reduce electricity costs in several times and increase amount of reserves of the enterprise.

Conclusions to part 2.

Zavod Kobzarenko LLC is a manufacturer of tractor trailers, the main activity of which is manufacture of other agricultural machinery and equipment, wholesale of agricultural machinery. During 2016-2019, financial results show a negative downward trend, but despite this the enterprise remains the leader among domestic producers of similar products. Zavod Kobzarenko LLC takes an active part in international trade. During the period under review, the company shows an increase in the share of exports in total sales (as of 2020, the share of exports is 52%).

“Zavod Kobzarenko” LLC is one of the leaders in the export of agricultural machinery in Ukraine. The company's foreign economic activity began to develop about 25 years ago. The geography of supplies covers the whole country, as well as such countries as: Germany Czech Republic, Italy, Bulgaria, Poland, UAE, Great Britain, Moldova, Hungary, Kazakhstan, etc.

At Zavod Kobzarenko LLC, economic efficiency of exports is more than one and higher than the efficiency of sales on the domestic market, which indicates that the sale of goods on the foreign market will be more profitable compared to sales within the country.

Thus, it can be considered that the economic results of the foreign activity of Zavod Kobzarenko LLC are quite satisfactory. But to increase the profitability of export operations of the organization, it is advisable to think over measures to improve the activities of the enterprise.

PART III
RECOMMENDATIONS FOR IMPROVING THE INTERNATINAL TRADE OF
“Zavod Kobzarenko” LLC

3.1 Development of recommendations for improving the economic feasibility of export operations.

Manufacturers of agricultural machinery are at the center of change and development of the agricultural sector, which gives rise to a modern integrated approach to farm management. There are just some of the factors that led to an increase in overall demand for agricultural machinery: population growth, urbanization, higher demand for productivity while reducing the base of agricultural land around the world.

In addition to developed countries, developing countries are demonstrating strategies to minimize food insecurity in a world suffering from unstable weather conditions. It has also led to the slow but steady introduction of modern agricultural machinery and equipment in developing countries. It is clear that the development of technologies to develop more efficient products tailored to the requirements of a particular country will provide opportunities for future growth of the sector.

The North American, European and Australian markets are among the richest, most urbanized markets, with 700 to 1,850 tractors per 1,000 farmers. This number is reduced to 3-5 tractors per thousand farmers in the Asia-Pacific region (countries such as India, China) and Africa (especially in sub-Saharan Africa). On a regional scale, India and China provide great growth opportunities through ongoing government support. The global market for agricultural machinery is expected to grow by 8.00% in 2015-2020 (DZI).

All of the above indicates that it is certainly advisable for our company to increase the volume of exports and profits. The state of the organization is influenced by how successfully it can use existing opportunities and cope with various threats.

SWOT-analysis is a universal analytical tool through which the actual position and strategic prospects of the company are investigated based on the study of its strengths and

weaknesses, market opportunities and risk factors. SWOT-analysis of Zavod Kobzarenko LLC presented in Table 3.1.

Table 3.1

SWOT-analysis of Zavod Kobzarenko LLC

Internal environment	Strengths	Weaknesses
	<ul style="list-style-type: none"> -high technical level of products; - availability of free production facilities; - the ability to modify the product for the specific requirements of the customer; -insignificant transportation costs; - favorable delivery terms for the buyer. -availability of state programs to support the development of machine-building enterprises; -availability of cheap labor. 	<ul style="list-style-type: none"> -certain types of equipment do not correspond to the most advanced world level; - low utilization of production facilities; - negative dynamics of profit. -energy-intensive production of machine-building products.
External environment	Opportunities	Threats
	<ul style="list-style-type: none"> - developed network of suppliers; - entering new markets or market segments; - mastering new production technologies; - low competition in the internal market; - light conditions for the transportation of products to the EU and Asia 	<ul style="list-style-type: none"> - exchange differences; - high barriers to entry into certain markets; - the emergence of more technologically advanced products from competitors in the foreign market; - high competition in the external market.

Source: Compiled by author

Having analyzed the internal and external factors, we get the **following conclusions:**

- 1) due to the sufficient level of certain types of equipment and the high technological level, the promotion of goods to new markets is promoted;
- 2) a developed network of suppliers makes it possible to choose higher quality components, which improves the quality and technical level of products;
- 3) availability of free capacities makes it possible to meet the increase in demand for the company's products;
- 4) due to the high level of independence of the enterprise, the enterprise has the opportunity to consider expanding production, increasing the range of products or mastering new directions of production;

- 5) the use of the possibility of further development of the product according to the specific requirements of the customer - as an effective means of conducting competition in the foreign market.
- 6) unfavorable delivery terms can force customers to go to competitors.
- 7) significant transportation costs can significantly reduce the number of markets being developed.

Analyzing these data, one can see that the most significant and promising capabilities of the enterprise is to improve foreign economic activity.

An algorithm for improving the foreign economic activity of an enterprise is proposed, based on the factor analysis of the profitability of sales, which is distinguished by taking into account the influence of the external market, which makes it possible to increase the efficiency of managerial decisions and foreign economic activity in general (Dunskaya A.R. 2017). Algorithm for improving the foreign economic activity of Zavod Kobzarenko LLC is shown in figure 3.1.

Analysis of foreign economic activity (paragraph 2.2 of the thesis) allows us to consider the current state of the enterprise and the prospects for its development, as well as make optimal management decisions of a tactical and strategic nature, identifying the reserves for increasing the efficiency of the organization.

Based on the results obtained, the main direction to improve the foreign economic activity of the enterprise is to expand the geography and the volumes of sales.

Despite the fact that foreign markets provide ample opportunities for product sales, foreign economic activity obliges enterprises to develop an international development strategy, build new sales systems, and operate in new, often poorly studied and unstable markets.

Already existing enterprises that have made a decision to enter foreign markets have to, as when entering domestic markets, analyze their capabilities in new markets, assess the current position and capabilities of competitors, conduct research on the needs of end consumers, and build sales channels. And, ultimately, develop our own sales policy focused on the markets where we operate.



Figure 3.1 Algorithm for improving the foreign economic activity of

Zavod Kobzarenko LLC

Source: Compiled by author

It is advisable to orient the sales policy of the enterprise to:

- obtaining a positive economic effect in the current period, as well as ensuring guarantees of its receipt in the future;
- maximum satisfaction of the effective demand of consumers;
- long-term market stability of the organization, its competitiveness in the markets of presence;
- creation of a positive image of the organization in the market and its recognition by the public.

A sales policy formulated on the basis of sales goals and objectives must correspond to the business concept of the organization (what the organization is, how it is stronger than competitors, what is the desired place in the market, etc.), as well as the accepted course of action (benchmarks).

Within the framework of these views, the organization must restructure its activities faster and more efficiently than competitors, taking into account the interests associated with maintaining and increasing the efficiency of the organization.

In addition to the formation of a unified strategy and sales policy, enterprises entering or already operating in foreign markets are in dire need of establishing their own effective management system, which would be adequate to modern requirements and conditions, take into account the dynamics of the conjuncture of international and domestic markets, be based on the principles of adaptability and provide sufficient flexibility and speed in decision-making.

One of the modern management concepts that solves these problems is a process approach that is focused not on the organizational structure of an enterprise, but on business processes, the ultimate goals of which are to create products or services that are valuable to external or internal consumers (Kosimova D. 2020).

Business processes allow you to group different types of company activities according to the result, which is important for the end client or partner of the company, show the sequence and relationship of work, the necessary resources and conditions for implementation. Thus, with the process approach, job functions are transformed into

specific jobs and operations, and thus become more understandable to their performers, since their time and context in the general activities of the company.

A promising way to increase sales is to reorient to **the Asian market (India)**. There are several good reasons to choose this direction of sales:

- 1) population growth in the region and increasing consumer demand due to increased incomes;
- 2) Asian countries occupy key positions in the ranking of countries with the most favorable conditions for international trade.

Another important factor in choosing India is that the Zavod Kobzarenko LLC already cooperates with this country (in 2020 it began to import components for the production of agricultural machinery). And given the logistics system of the company, in the case of trade relations with India (meaning exports and imports) transport costs will be significantly reduced (if both deliveries take place at the same time).

By entering the Indian market, the company can not only increase exports, but also increase the cost of production and gain a high reputation among other countries in the region. And improving the image, in turn, will create the basis for further expansion into Asian trading platforms.

Ukraine and **African countries** do not compete on the world market, their economies can complement each other. African countries feel the need for Ukrainian ones goods, namely: machinery, equipment.

First, due to the rapid growth in the number of consumers, sub-Saharan Africa is one of the most promising markets for Ukrainian producers.

Second, Africans have something to pay for the growing import of goods. After all, the rate of economic growth in Africa is steadily outpacing the rate of population growth.

Despite Africa's strong potential, the plant's presence there is currently slim. The company sent a batch of 5 AZK-46 car bodies for a customer from South Africa this year (it was a trial delivery). We believe that this beginning of the relationship has a great chance to continue, as the plant's equipment does not differ in quality compared to foreign competitors. The main competitor for the plant in the African market are Russian companies that produce products with quality equal to ours. (This is evidenced by the

large-scale deliveries of Zavod Kobzarenko LLC to the territory of Russia until recently. We want to say that the Russians preferred our equipment compared to their domestic.)

We believe that at the moment these regions should be a priority for the sales department of the Zavod Kobzarenko LLC. After all, with the establishment of strong ties with Africa and Asia, our company will be able to expand its geographical structure to North and South America (including the United States, Brazil) by recognizing the plant's products on the world market.

3.2. Assessment of the efficiency of the developed recommendations

The whole range of proposed measures can be divided into three main areas: measures aimed at improving the internal structure of the enterprise, measures aimed at optimizing interaction with markets, and measures aimed at changing the political and legal environment of business.

Improving the internal structure:

- formation of sales policy;
- implementation of a process approach to management;
- implementation of a quality management system;
- creation of a system for monitoring and managing risks in the implementation of foreign economic activity.

Interaction with markets:

- creating a base of suppliers and ranking them according to the degree of risk;
- participation in international exhibitions;
- creation of a positive image of the enterprise;
- management of the investment attractiveness of the enterprise, work with capital markets.

The implementation of the proposed set of measures will allow the Zavod Kobzarenko LLC to optimize its foreign economic activity and organize it in the most efficient way. The directions of implementation of the necessary costs and the results of the implementation of measures are presented in figure 3.2.



Figure 3.2. Measurements for improvement and possible results

Source: Compiled by author

In addition to working with the internal structure, enterprises need to pay special attention to the risks associated with working in foreign markets when entering new ones.

The goal of optimizing the risks of a foreign trade transaction is to reduce uncertainty and minimize the possibility of incurring losses in order to conduct a transaction with maximum benefit for Zavod Kobzarenko LLC (Table 3.2).

Table 3.2

Possible risks in the implementation of foreign economic activity and methods of minimization

Type of risk	Minimization method
Customs risks	- timely and full provision of all the necessary data for the smooth implementation by both companies of export and import customs clearance of goods.
Political and macroeconomic risk	- a comprehensive study of political and macroeconomic relations between partner countries; - assessment of the benefits from possible cooperation;
Exchange rate risk	- researching of exchange rate fluctuations for a certain period of time (6, 12, 18 months); - the inclusion of a foreign exchange clause in the contract as part of the risk avoidance strategy (hedging) in the event of a change in the exchange rate by more than 5%.
Risks of damage, partial or complete loss of cargo	- researching the possibilities of partners to carry out the transportation of goods between countries; - creation of all the necessary conditions to ensure the safety of the goods during their transportation.
The risk of default by foreign partners	- search for all kinds of data on potential partners and their activities; - compilation of relevant data sheets about contractors based on the information received.

Source: Compiled by author

Thus, the current state of market relations can be characterized by a high degree of uncertainty, in order to effectively influence activities in the field of foreign trade, it is necessary to follow a well-defined plan in advance. When making decisions on conducting foreign trade activities, Zavod Kobzarenko LLC also needs to pay special attention to the influence of external and internal factors that can significantly affect the feasibility of conducting foreign economic activities of the enterprise.

The direction for the expansion of foreign economic activity was specifically formulated, possible new markets were sorted out, methods for achieving the goals of the enterprise and the effectiveness of the results of the implementation of these actions were considered. We also analyzed the possible risks and ways to minimize them for the Zavod

Kobzarenko LLC. Based on all of the above, the company can expect the following forecast results from activities, shown in figure 3.3.

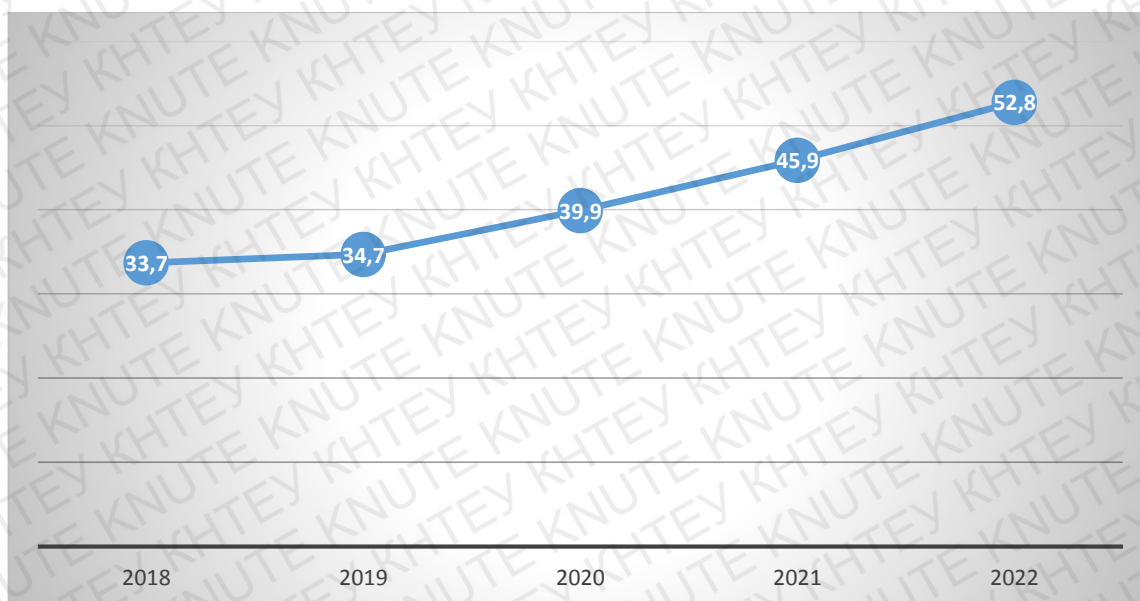


Figure 3.3. Forecasted sales volume in milions USD of Zavod Kobzarenka LLC in 2018-2022

Source: Compiled by the author using Appendices D,E

In the paragraph 3.1, the company was recommended to conduct trainings for management department so we can predict that with the help of new skills of personnel the productivity of employees will increase. And as a result, the increasing of profitability of enterprise is predicted. We also can predict that volume of exports will increase due to new markets, and the share of exports in whole sales would be at the level of 50-60% in next years.

In 2019 we see a decline in export profitability and a very small decrease in domestic trade. In 2020, taking into account the factors that affect the international market of agro-industrial equipment, we do not foresee any significant changes, only a slight growth due to new sales markets.

Also in 2020, a subsidy was introduced for the purchase of domestic agricultural machinery (40% of the cost of production will be returned to buyers of agricultural machinery at the expense of the state). This, as we think, over the period 2020-2022 will definitely lead to a gradual insignificant increase in profitability in the domestic market.

We also foresee that 2021-2022 will bring results from the introduction of a new personnel training system and expansion through new product markets. The growth that is foreseen is gradual and is shown in the figure 3.4.

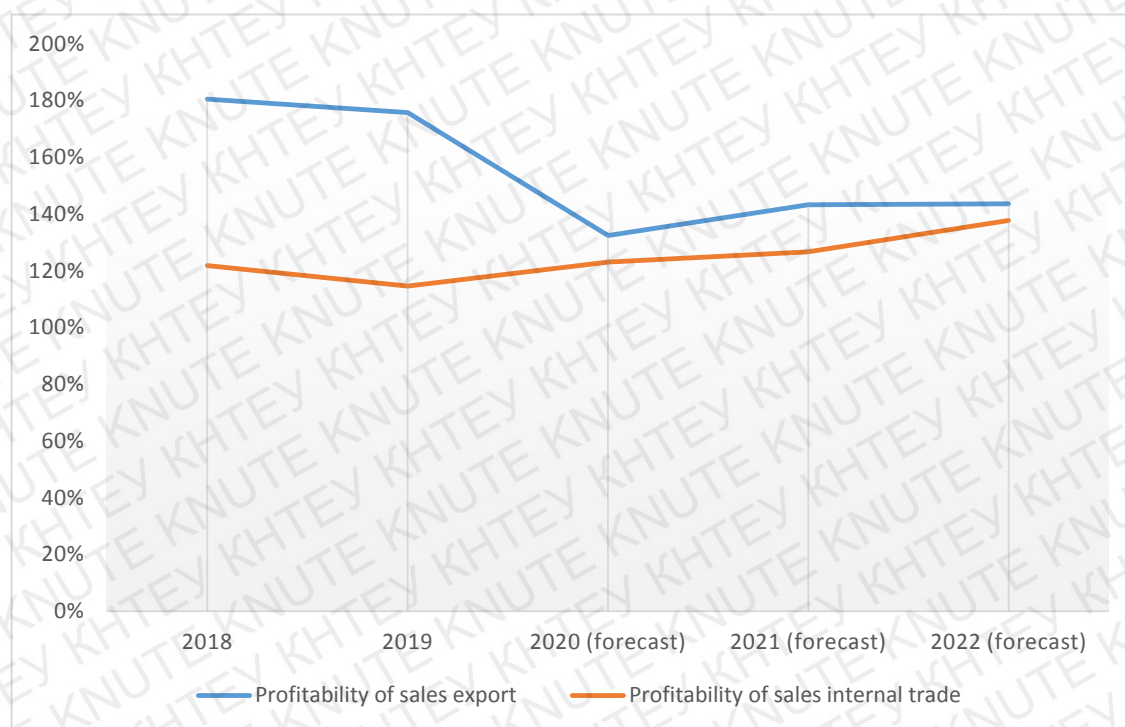


Figure 3.4. Forecasted profitability of sales from export and internal of Zavod Kobzarenka LLC in 2018-2022

Source: Compiled by the author using Appendices D, E

We also assume that in case of failure of our recommendations, Zavod Kobzarenka LLC will be able to maintain the usual pace of development of the enterprise and receive income from its activities.

Conclusions to part 3.

Part 3.1 of this work provides a SWOT analysis of the enterprise with a list of opportunities for the development of the enterprise. Based on the analysis, the most optimal development option is the expansion of foreign economic activity. An algorithm for improving the international trade in stages was proposed.

As a reserve for increasing the foreign economic operations of the enterprise, the possibilities of expanding foreign target markets through foreign trade with the countries of the Near and Middle East and Africa are highlighted.

In this case, for the effective organization of work with other countries, the internal structure should be improved and interactions with global market must be expanded.

In part 3.2 we have highlighted and presented a phased sequence of measures for making decisions on the conduct of foreign economic activity: new sales policies for new markets, process approach in management, participation in international exhibitions, etc. Methods of minimization of possible risks in the implementation of foreign economic activity were conducted.

As a result of the implementation of the planned actions and minimization of risks, we predicted an increase in total sales for the next two years by 15% (based on an increase in sales on the international market in the forecast period).

Despite all of the above, the current situation globally is unstable, and in order to fulfill all the proposed options for increasing foreign economic activity, we recommend following a clear plan.

It is worth noting that based on the trends that are happening with the company and its environment, we can come to the conclusion that big changes are unlikely to be expected by the company in 2020-2021.

CONCLUSIONS AND RECOMMENDATIONS

Nowadays an enterprise can carry out any types of foreign economic activity, if they are not prohibited by law and meet the goals stipulated in the charter. All enterprises - manufacturers of competitive products have the right to independently carry out export-import operations. In this regard, in the economic activity of any manufacturer entering the external market, foreign trade activity can play a significant role. Therefore, it is worth taking a closer look at the international trade of machine-building enterprises, since this industry is rather profitable and has big volumes in sales.

The relevance of the analysis of the foreign economic activity of Zavod Kobzarenko LLC was confirmed in the course of this study.

The first chapter deals with organization and management foreign economic activity of machine-building enterprises. The basic theoretical provisions that determine the functioning of the enterprise in the foreign economic sphere are defined. Many participants interact on the external market: manufacturers, resellers, insurance, transport organizations, regulatory authorities, etc. At the same time, practice has developed various forms of enterprise operation in the foreign market: the enterprise can enter the foreign market independently or with the help of intermediaries, work alone or cooperate with foreign enterprises. In the context of the diversity and multiplicity of operations carried out by enterprises in foreign markets, the role of foreign economic management of enterprises is great.

The main trends in the development of the global market for agricultural machinery and equipment were also considered and it is important to note the growth of many indicators for the period 2016–2019. Having also considered the factors of influence on the global market, we can confidently assert that the market for agricultural machinery products will continue to grow (due to an increase in population and innovative technologies)

The object of study of foreign economic activity of machine-building enterprises was Zavod Kobzarenko LLC, which began its activity more than 25 years ago. Currently, the company is one of the main manufacturers of tractor trailers and other agricultural machinery.

The financial analysis of the company's activities showed that at the present time Zavod Kobzarenko LLC is a fairly stable enterprise. The economic performance is satisfactory (despite the negative trend in recent years).

Foreign economic activity is carried out at the enterprise in the form of foreign trade in products, as well as related information and services. Foreign trade is carried out through direct exports. The volumes of direct export of the enterprise within the framework of the international market of agricultural equipment are insignificant, but nevertheless the geographical structure of the export of the enterprise covers more than 30 countries, which indicates the level of competitiveness of Zavod Kobzarenko LLC.

In the course of the research in the organization of foreign economic activity at the enterprise, no significant shortcomings were revealed. The main problems hindering the development of foreign economic activity of Zavod Kobzarenko LLC are general corporate (outdated equipment, high staff turnover, high energy costs, weak scientific and technical base, etc.), and in some places even nationwide (frequent changes in laws, violation of cooperation ties, decline in the industry, obsolescence of technology, etc.);

The developed recommendations for improving the organization and management of foreign economic activity at the enterprise are due, firstly, to the solution of problems that hinder the development of foreign economic activity, secondly, the search for other reserves to increase the volume of foreign economic operations (search for new sales markets), thirdly, the change in the organizational structure of management marketing and sales services in accordance with the promising areas proposed for increasing the volume of foreign economic activity.

Thus, the organization of foreign economic activity of Zavod Kobzarenko LLC corresponds to the technical and financial capabilities of the enterprise, its competitiveness on a global scale. Perhaps in the future, with the expansion of foreign economic operations and the conquest of a certain niche in the international market of electric units, the enterprise will create a joint venture with any foreign organization (trade, transport, industrial) to strengthen its position or establish a representative office (or foreign trade company) in the region of the most promising sales. At present, it is difficult to predict the future of the Company without conducting certain studies,

nevertheless, now the foreign economic activity of the enterprise is at a stage at which it needs to pay close attention to the strategic issues of the development of foreign economic activity, to develop measures for the implementation of strategic goals in relation to foreign economic activity. The management of the company should think about strengthening its positive image in foreign markets.

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APPENDICES

Appendix A

FINANCIAL REPORT
of a business entity

Enterprise	Zavod Kobzarenka Limited Liability Company	Date (year,month,date)	2015	01	01
Area	Sumy Region, Ukraine	USREOU	19344937		
Organizational and legal form of management	Limited Liability Company				
Type of economic activity	Agricultural Implement Manufacturing				
Average number of employees, persons	800				
Unit of measurement: thousand USD (with one decimal place					
Address, phone: vul. Rusanivska, bud. 17, Lypova Dolyna; Sumy Region; Ukraine;					
1. Balance on 31.12.2015.		Form: № 1-m	SCMD	1801006	

Assets	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Non-current assets		
Property, plant and equipment	2,451.45	2,971.38
Construction in progress	199.1	216.2
Long-term financial investments	-	-
Other non-current assets	-	-
Total for section I	2650.55	3,187.58
II. Current assets		
Inventories	3,906.7	4,206.3
Raw materials	1,548.83	1,668.83
Work in progress	1,763.27	2,16
Finished goods	47.7	49.67
Other inventories	285.03	325.03
Trade and other receivables	1,024.76	1,198.76
Current trade receivables	535.78	535.78
Other current receivables	642.98	662.98
Tax receivables	-	-
Prepayments, accrued income and other deferred current assets	-	-
Cash and Cash Equivalents	110.49	180.49
Cash at banks and on hand	110.49	180.49
Other current assets	-	62.25
Total for section II	4,643.5	5,648.3
III. Non-current assets held for sale and disposal groups	-	-
Balance	7,294.05	8,835.88

Continuation of the appendix A

Liabilities	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Equity		
Issued capital	13.33	18.29
Other reserves	107.4	118.71
Retained earnings	6,008.26	6,997.26
Total for section I	6,128.99	7,134.26
II. Long-term liabilities, targeted funding and collateral		
Long-term loans and borrowings	-	-
Other long-term liabilities	-	-
Total section II	-	-
III. Current liabilities		
Current loans and borrowings	222.59	343.49
Trade and other payables	1,218.03	1,316.02
Current trade payables	430.55	580.57
Other current payables	698.35	736.35
Other current liabilities	78.21	41.21
Total section III	1,162.84	1,701.62
Balance	7,294.05	8,835.88

**2. Statement of financial results
for 2015.**

Form: № 2-m
SCMD

1801007

Article	For the reporting period	For the same period last year
1	3	4
Net income from sales of products (goods, works, services)	10,345.18	12,640.17
Other operating income	786.9	907.44
Other income	-	29.37
Total income	11,121.08	18,410.48
Cost of goods sold	(6,340)	(8,650)
Selling and distribution expences	(90.99)	(130.88)
Administrative expences	(256.25)	(248.03)
Other operating expences	(780.12)	(900.12)
Other expences	-	-
Total costs	(7,645.76)	(9,929.03)
EBITDA	2,567.3	3,801.73
Financial result	(55.87)	(64.96)
Financial Expenses	(55.87)	(64.96)
Net other non-operating result	0.09	0.09
Other expences	-	(29.28)
Profit before income tax	2,899.23	3,553.2
Income tax	(639.56)	(894.39)
Net profit (loss)	2,316.7	2,913.64

**FINANCIAL REPORT
of a business entity**

Enterprise	Zavod Kobzarenka Limited Liability Company	Date (year,month,date)	USREOU	CODES		
Area	Sumy Region, Ukraine			2016	01	01
Organizational and legal form of management	Limited Liability Company			19344937		
Type of economic activity	Agricultural Implement Manufacturing					
Average number of employees, persons	800					
Unit of measurement: thousand USD (with one decimal place						
Address, phone: vul. Rusanivska, bud. 17, Lypova Dolyna; Sumy Region; Ukraine;						
1. Balance on 31.12.2016.		Form: № 1-m	SCMD	1801006		

Assets	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Non-current assets		
Property, plant and equipment	2,971.38	3,857.1
Constraction in progress	216.2	203.38
Long-term financial investments	-	-
Other non-current assets	-	-
Total for section I	3,187.58	4,060.48
II. Current assets		
Inventories	4,206.8	7,050.71
Raw materials	1,668.83	3,427.88
Work in progress	2,163.27	2,83
Finished goods	49.67	57.54
Other inventories	325.03	726.13
Trade and other receivables	1,198.76	1,403.56
Current trade receivables	535.78	1,065.06
Other current receivables	662.98	338.5
Tax receivables	-	-
Prepayments, accrued income and other deferred current assets	-	0.66
Cash and Cash Equivalents	180.49	430.7
Cash at banks and on hand	180.49	430.7
Other current assets	62.25	45.53
Total for section II	5,648.3	8,931.16
III. Non-current assets held for sale and disposal groups	-	-
Balance	8,835.88	12,991.64

Continuation of the appendix B

Liabilities	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Equity		
Issued capital	18.29	16.15
Other reserves	118.71	104.78
Retained earnings	6,997.26	10,010.5
Total for section I	7,134.26	10,131.42
II. Long-term liabilities, targeted funding and collateral		
Long-term loans and borrowings	-	-
Other long-term liabilities	-	-
Total section II	-	-
III. Current liabilities		
Current loans and borrowings	343.49	1,306.98
Trade and other payables	1,316.02	1,533.02
Current trade payables	580.57	1,000.67
Other current payables	736.35	532.35
Other current liabilities	41.21	20.23
Total section III	1,701.62	2,860.23
Balance	8,835.88	12,991.64

**2. Statement of financial results
for 2016.**

Form: № 2-m
SCMD

1801007

Article	For the reporting period	For the same period last year
1	3	4
Net income from sales of products (goods, works, services)	12,640.17	17,962.29
Other operating income	907.44	448.19
Other income	29.37	-
Total income	13,547.61	18,410.48
Cost of goods sold	(8,650)	(12,083.28)
Selling and distribution expenses	(130.88)	(218.66)
Administrative expenses	(248.03)	(388.47)
Other operating expenses	(900.12)	(613.39)
Other expenses	-	-
Total costs	(9,929.03)	(13,303.8)
EBITDA	3,801.7	5,447.81
Financial result	(64.96)	(138.15)
Financial Expenses	(64.96)	(138.15)
Net other non-operating result	0.09	0.35
Other expenses	(29.28)	(4.89)
Profit before income tax	3,553.2	4,968.87
Income tax	(639.56)	(894.39)
Net profit (loss)	2,913.64	4,074.48

**FINANCIAL REPORT
of a business entity**

Enterprise Area	Zavod Kobzarenka Limited Liability Company Sumy Region, Ukraine	Date (year,month,date)	USREOU	CODES		
Organizational and legal form of management	Limited Liability Company			2017	01	01
Type of economic activity	Agricultural Implement Manufacturing			19344937		
Average number of employees, persons	800					
Unit of measurement: thousand USD (with one decimal place						
Address, phone: vul. Rusaniivska, bud. 17, Lypova Dolyna; Sumy Region; Ukraine;						
1. Balance on 31.12.2017.		Form: № 1-m	SCMD	1801006		

Assets	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Non-current assets		
Property, plant and equipment	3,857.1	4,819.54
Constraction in progress	203.38	814.15
Long-term financial investments	-	-
Other non-current assets	-	-
Total for section I	4,060.48	5,633
II. Current assets		
Inventories	7,050.71	10,345.48
Raw materials	3,427.88	5,508.92
Work in progress	2,838.97	3,830.55
Finished goods	57.54	133.50
Other inventories	726.13	872.51
Trade and other receivables	1,403.56	2,381.89
Current trade receivables	1,065.06	1,485.79
Other current receivables	338.5	896.10
Tax receivables	-	-
Prepayments, accrued income and other deferred current assets	0.66	10.58
Cash and Cash Equivalents	430.7	716.46
Cash at banks and on hand	430.7	716.46
Other current assets	45.53	79.7
Total for section II	8,931.16	13,534.12
III. Non-current assets held for sale and disposal groups	-	-
Balance	12,991.64	19,167.81

Continuation of the appendix C

Liabilities	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Equity		
Issued capital	16.15	15.64
Other reserves	104.78	101.51
Retained earnings	10,010.5	10,059.6
Total for section I	10,131.42	15,176.74
II. Long-term liabilities, targeted funding and collateral		
Long-term loans and borrowings	-	331.85
Other long-term liabilities	-	-
Total section II	-	331.85
III. Current liabilities		
Current loans and borrowings	1,306.98	452.31
Trade and other payables	1,533.02	3,169.21
Current trade payables	1,000.67	1,712.57
Other current payables	532.35	1,456.65
Other current liabilities	20.23	37.7
Total section III	2,860.23	3,659.22
Balance	12,991.64	19,167.81

2. Statement of financial results for 2017.

Form: № 2-m
SCMD

1801007

Article	For the reporting period	For the same period last year
1	3	4
Net income from sales of products (goods, works, services)	17,962.29	26,366.73
Other operating income	448.19	450.63
Other income	-	-
Total income	18,410.48	26,817.36
Cost of goods sold	(12,083.28)	(18,274.19)
Selling and distribution expenses	(218.66)	(397.81)
Administrative expenses	(388.47)	(595.21)
Other operating expenses	(613.39)	(523.26)
Other expenses	-	-
Total costs	(13,303.8)	(19,790.47)
EBITDA	5,447.81	7,506.61
Financial result	(138.15)	(127.7)
Financial Expenses	(138.15)	(127.7)
Net other non-operating result	0.35	-
Other expenses	(4.89)	-
Profit before income tax	4,968.87	6,899.18
Income tax	(894.39)	(1,241.89)
Net profit (loss)	4,074.48	5,657.28

**FINANCIAL REPORT
of a business entity**

Enterprise Area	Zavod Kobzarenka Limited Liability Company Sumy Region, Ukraine	Date (year,month,date)	USREOU	CODES
Organizational and legal form of management	Limited Liability Company			2018 01 01 19344937
Type of economic activity	Agricultural Implement Manufacturing			
Average number of employees, persons	800			
Unit of measurement: thousand USD (with one decimal place				
Address, phone: vul. Rusaniivska, bud. 17, Lypova Dolyna; Sumy Region; Ukraine;				
1. Balance on 31.12.2018.		Form: № 1-m	SCMD	1801006

Assets	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Non-current assets		
Property, plant and equipment	4,819.54	6,547.03
Constraction in progress	814.15	998.58
Long-term financial investments	-	-
Other non-current assets	-	-
Total for section I	5,633.69	7,545.62
II. Current assets		
Inventories	10,345.48	15,544.1
Raw materials	5,508.92	8,475.4
Work in progress	3,830.55	5,649.04
Finished goods	133.50	161.73
Other inventories	872.51	1,275.93
Trade and other receivables	2,381.89	2,887.87
Current trade receivables	1,485.79	2,168.36
Other current receivables	896.10	719.44
Tax receivables	-	0.07
Prepayments, accrued income and other deferred current assets	10.58	39.51
Cash and Cash Equivalents	716.46	329.16
Cash at banks and on hand	716.46	329.16
Other current assets	79.7	90.83
Total for section II	13,534.12	18,891.47
III. Non-current assets held for sale and disposal groups	-	-
Balance	19,167.81	26,437.09

Continuation of the appendix D

Liabilities	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Equity		
Issued capital	15.64	15.86
Other reserves	101.51	102.9
Retained earnings	10,059.6	21,752.43
Total for section I	15,176.74	21,871.18
II. Long-term liabilities, targeted funding and collateral		
Long-term loans and borrowings	331.85	930.18
Other long-term liabilities	-	-
Total section II	331.85	930.18
III. Current liabilities		
Current loans and borrowings	452.31	908.25
Trade and other payables	3,169.21	2,689.55
Current trade payables	1,712.57	1,742.54
Other current payables	1,456.65	947.01
Other current liabilities	37.7	37.92
Total section III	3,659.22	3,653.73
Balance	19,167.81	26,437.09

**2. Statement of financial results
for 2018.**

Form: № 2-m
SCMD

1801007

Article	For the reporting period	For the same period last year
1	3	4
Net income from sales of products (goods, works, services)	26,366.73	33,677.23
Other operating income	450.63	803.42
Other income	-	-
Total income	26,817.36	34,480.65
Cost of goods sold	(18,274.19)	(24,327.1)
Selling and distribution expenses	(397.81)	(512.68)
Administrative expenses	(595.21)	(689.8)
Other operating expenses	(523.26)	(707.66)
Other expenses	-	-
Total costs	(19,790.47)	
EBITDA	7,506.61	9,045.4
Financial result	(127.7)	(194.46)
Financial Expenses	(127.7)	(194.46)
Ner other non-operating result	-	-
Other expenses	-	-
Profit before income tax	6,899.18	8,048.95
Income tax	(1,241.89)	(1,449.12)
Net profit (loss)	5,657.28	6,599.83

**FINANCIAL REPORT
of a business entity**

Enterprise	Zavod Kobzarenka Limited Liability Company	Date (year,month,date)	USREOU		
Area	Sumy Region, Ukraine		19344937		
Organizational and legal form of management	Limited Liability Company				
Type of economic activity	Agricultural Implement Manufacturing				
Average number of employees, persons	800				
Unit of measurement: thousand USD (with one decimal place					
Address, phone: vul. Rusanivska, bud. 17, Lypova Dolyna; Sumy Region; Ukraine;					
1. Balance on 31.12.2019.		Form: № 1-m	SCMD	1801006	

Assets	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Non-current assets		
Property, plant and equipment	6,547.03	8,381.38
Constraction in progress	998.58	1,589.83
Long-term financial investments	-	452.88
Other non-current assets	-	452.88
	7,545.62	10,424.09
Total for section I		
II. Current assets		
Inventories	15,544.1	19,642.32
Raw materials	8,475.4	10,587.47
Work in progress	5,649.04	7,324.81
Finished goods	161.73	192.22
Other inventories	1,275.93	1,537.82
Trade and other receivables	2,887.87	5,072.62
Current trade receivables	2,168.36	3,820.83
Other current receivables	719.44	1,251.78
Tax receivables	0.07	-
Prepayments, accrued income and other deferred current assets	39.51	43.11
Cash and Cash Equivalents	329.16	3,430.14
Cash at banks and on hand	329.16	3,430.14
Other current assets	90.83	183.82
Total for section II	18,891.47	28,372.01
III. Non-current assets held for sale and disposal groups	-	-
Balance	26,437.09	38,796.09

Continuation of the appendix E

Liabilities	At the beginning of the reporting year	At the end of the reporting period
1	3	4
I. Equity		
Issued capital	15.86	18.53
Other reserves	102.9	120.28
Retained earnings	21,752.43	30,815.83
Total for section I	21,871.18	30,954.65
II. Long-term liabilities, targeted funding and collateral		
Long-term loans and borrowings	930.18	768.25
Other long-term liabilities	-	71.52
Total section II	930.18	839.77
III. Current liabilities		
Current loans and borrowings	908.25	3,373.57
Trade and other payables	2,689.55	3,547.17
Current trade payables	1,742.54	2,288.25
Other current payables	947.01	1,258.92
Other current liabilities	37.92	80.93
Total section III	3,653.73	7,001.67
Balance	26,437.09	38,796.09

**2. Statement of financial results
for 2019.**

Form: № 2-m
SCMD

1801007

Article	For the reporting period	For the same period last year
1	3	4
Net income from sales of products (goods, works, services)	33,677.23	34,768.51
Other operating income	803.42	920.78
Other income	-	-
Total income	34,480.65	35,768.51
Cost of goods sold	(24,327.1)	(26,015.71)
Selling and distribution expenses	(512.68)	(551.25)
Administrative expenses	(689.8)	(946.89)
Other operating expenses	(707.66)	(1,540.15)
Other expenses	-	-
Total costs		
EBITDA	9,045.4	7,718.69
Financial result	(194.46)	(609.73)
Financial Expenses	(194.46)	(609.73)
Ner other non-operating result	-	15.68
Other expenses	-	(13.79)
Profit before income tax	8,048.95	6,027.46
Income tax	(1,449.12)	(1,084.95)
Net profit (loss)	6,599.83	4,942.51