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FORMS AND FACTORS OF DEVELOPMENT INTERNATIONAL COOPERATION BETWEEN ENTERPRISES FROM UKRAINE AND CHINA

ФОРМИ ТА ЧИННИКИ РОЗВИТКУ МІЖНАРОДНОГО СПІВРОБІТНИЦТВА ПІДПРИЄМСТВ УКРАЇНИ ТА КИТАЮ

The article is devoted to the study of the organization of international cooperation between the enterprises of Ukraine and China, in particular to the study of the reasons for the development of international cooperation between the countries. The research is based on statistical and monographic methods, the application of which made it possible to analyze the current level of development of international trade cooperation between the two countries, to determine the prerequisites that stimulate the development of bilateral cooperation, to detail the process of international cooperation into stages, the implementation of which will contribute to effective cooperation between enterprises from different countries. Particular attention is paid to the systematization of organizational forms of implementation of international cooperation, as well as to the outlines of economic activity that will benefit from the positive results of cooperation between enterprises from the two countries.

Keywords: international cooperation, forms, enterprises, Ukraine, China.

Стаття присвячена дослідженню питань організації міжнародного співробітництва між підприємствами України та Китаю на основі дослідження сучасних тенденцій і змін у світовій економіці. Авторами обґрунтовано, що інтенсифікація конкуренції на світовому ринку не протирічить можливостям міжнародного співробітництва між підприємствами, яке сприяє розширенню доступу підприємств до нових зовнішніх ринків, до ресурсних можливостей, знань та технологій. Такі перспективи спрямовані на посилення конкурентоспроможності кожного підприємства, яке долучається до міжнародного співробітництва. Дослідження ґрунтується на статистичному та монографічному методах. Авторами здійснено статистичний аналіз поточного стану двостороннього торгового співробітництва між Україною та Китаєм, що надало можливість зробити висновок про перспективність міжнародної взаємодії українських підприємств у напрямку посилення експорту з високою доданою вартістю. Визначено передумови, що стимулюють розвиток двостороннього співробітництва та деталізовано процес міжнародного співробітництва з виокремленням етапів, зміст яких охоплює необхідність чіткого розуміння спільних цілей, дослідження відповідальності партнерів, налагодження ефективної комунікації та довірчих взаємовідносин, зваженого розподілу ресурсів та контролювання і оцінювання досягнутих на основі двостороннього співробітництва результатів. Реалізація цих етапів сприятиме ефективній співпраці між підприємствами з різних країн. У дослідженні систематизовано організаційні форми, які можуть бути використані для реалізації міжнародного співробітництва між підприємствами України та Китаю, зокрема виділено такі форми як спільні підприємства, ліцензування, аутсорсинг, стратегічні альянси. Визначено напрями економічної діяльності, які отримують вигоди від позитивних результатів співробітництва між підприємствами з двох країн, серед яких розширення ринкових та інноваційних можливостей, оновлення технологій, диверсифікація ризиків, розвиток креативного та підприємницького мислення, що призведе до покращення економічних результатів функціонування підприємств з обох країн.

Ключові слова: міжнародне співробітництво, форми, підприємства, Україна, Китай.

Formulation of the problem. The development of the world economy at the current stage is characterized by significant crises, both political and economic, conflicts and climate changes. These circumstances require the search for solutions that will contribute to increasing stability in society and the stability of the world economic system. One of these solutions is the development of international cooperation. Despite the fact that in recent decades attention has been focused on the strengthening

of competition in the world economy, global competition alone does not contradict the possibilities of cooperation. This idea is also supported in the WEF publication «The Global Cooperation Barometer 2024» [1], where it is specifically stated: «Countries and companies can compete while also cooperating. Competition, and even confrontation, can spike in one area while cooperation can deepen in others. In a notable example, in 2022, amid heightened tensions between the United States and China,

as climate negotiations between both countries were suspended and talk of decoupling dominated airwaves, bilateral trade reached record levels».

In our opinion, it is advisable to consider the potential of international cooperation not only at the macro level, between countries, but also at the level of individual enterprises, since such interaction will have obvious advantages for Ukrainian enterprises, taking into account the existing problems in foreign economic relations.

A separate issue for the development of international cooperation is the search for a partner, taking into account the perspectives for further cooperation and the benefits that enterprises from both countries can receive from such cooperation. Given this, in our opinion, it is worth paying attention to the development of cooperation with those countries with which, firstly, Ukraine has long-term diplomatic contacts and a well-established legal basis, and secondly, the partner country in international cooperation must demonstrate a high potential for

economic development. Considering these circumstances, it is advisable to pay attention to the development of international cooperation with the People's Republic of China.

Ukraine has a long history of cooperation with China. The legal basis for economic cooperation began to be formed in 1992 by signing the Agreement between the Government of Ukraine and the Government of the People's Republic of China on trade and economic cooperation and the Agreement between the Government of Ukraine and the Government of the People's Republic of China on scientific and technical cooperation [2].

On the other hand, China occupies a leading position in world rankings, in particular, it is the leader both in terms of the total volume of exports and the volume of high-tech exports (Figs. 1 and 2).

Therefore, there are grounds for a more in-depth study of the factors that determine the development of international cooperation.

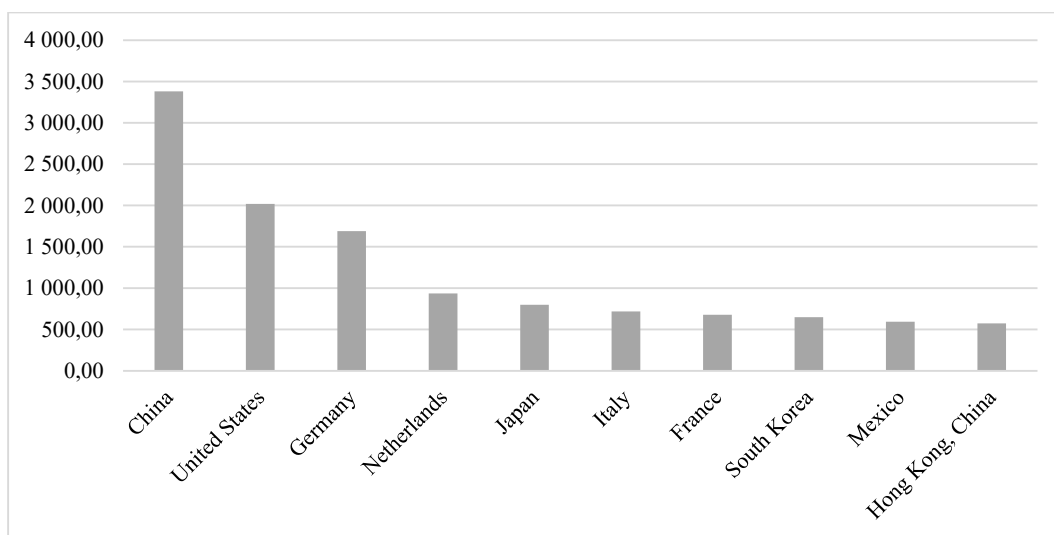


Figure 1. Leading export countries in 2023 (in billion U.S. dollars)

Source: [3]

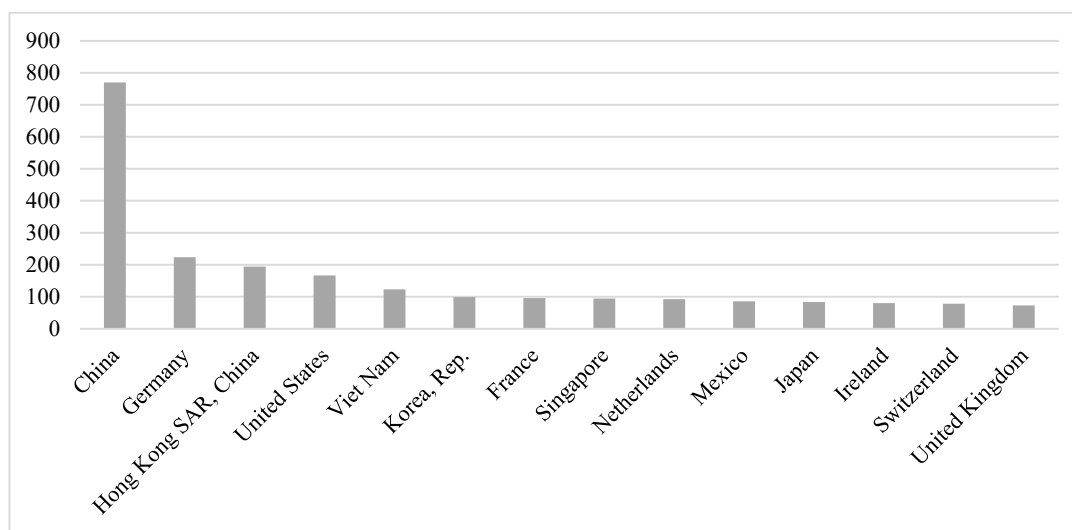


Figure 2. Leading High-technology export countries in 2022 (in billion U.S. dollars)

Source: [4]

Analysis of recent research and publications. The problem of the development of international cooperation between enterprises was highlighted by scientists from different positions. In this context, it is worth noting the works H. V. Perlmutter and D. Heenan [5], P. J. Buckley and M. Casson [6], A. Daniluk [7], J. Stejskal, B. Merickova and V. Prokop [8], E. Karska [9].

Thus, the importance and necessity of international cooperation between enterprises of different sizes and in different industries was discussed in the article by Howard V. Perlmutter and David Heenan (1986) [5], where they noted that «to be globally competitive, multinational corporations must be globally cooperative. This necessity is reflected in the acceleration of global strategic partnerships (GSPs) among companies large and small. GSPs have become an important new strategic option that touches every sector of the world economy, from sunrise to sunset industries, from manufacturing to services».

In the work of Elzbieta Karska (2022), the goals and main principles of international cooperation are disclosed, in particular, significant attention is paid to the role of international organizations in strengthening and ensuring the effectiveness of international cooperation.

It is important to note that a number of works emphasize the role of international cooperation in strengthening the innovative capabilities of enterprises. In this context, the work of Jan Stejskal, Beata Merickova and Viktor Prokop (2016) proved, based on the analysis of statistical data, that international cooperation has a positive effect on the creation of innovations and the growth of income from innovative activities.

However, the authors neglected to highlight the factors that determine international cooperation between enterprises, in particular in the context of the formation of cooperation between individual countries.

Forming the goals of the article (setting the task). Therefore, the aim of this article is to study the prerequisites for the development of international cooperation between the

enterprises of China and Ukraine, as well as to study possible forms of international cooperation and factors affecting the development of cooperation between the two countries.

Presentation of the main research material. At the first stage of the study of the prerequisites for the development of international cooperation between Ukraine and China, it is worth formulating the reasons that determine the interest of enterprises from different countries to participate in international cooperation.

Companies in different countries often require international cooperation, for reasons outlined in Table 1.

Overall, international cooperation enables enterprises to enter new markets, share resources, reduce costs, manage risks, gain knowledge, and take advantage of government support. These collaborations can create synergies, boost economic growth, and drive innovation in the global business sector.

Let's consider the data that characterize the state of international relations between Ukraine and China at the current stage of development.

Analysis of the share of GDP based on PPP of both countries shows that the Chinese economy shows a constant growth of this indicator, while the Ukrainian economy shows a decrease.

Data from the China Economic Industry Research Institute shows (Fig. 4) that from January to October 2023, the bilateral import and export of goods between China and Ukraine was 566 718,95 million US dollars, a decrease of 958 117,2 million US dollars compared with the same period in 2022, a year-on-year decrease of 14,3%.

From January to October 2023, the total value of China's exports to Ukraine was 222 981,77 million US dollars, a decrease of 664,68 million US dollars compared with the same period in 2022, a year-on-year decrease of 22,6%; the total value of China's imports from Ukraine was 343 737,18 million US dollars, a decrease of 293 430 million US dollars compared with the same period in 2022, a year-on-year decrease of 7,8%.

Table 1

Description of reasons of international cooperation between enterprises

Reason of international cooperation	Description
Access to new markets	International cooperation enables enterprises to expand their reach and open up new markets. By partnering with enterprises from different countries, they gain access to local knowledge, distribution networks, and customer bases that they may not otherwise be able to reach. This can lead to increased sales, business growth, and diversification of revenue streams
Resource sharing	International cooperation enables enterprises to pool their resources, expertise, and capabilities. This may include sharing technology, R&D, manufacturing facilities, and human capital. By working with enterprises from different countries, they can leverage each other's strengths for mutual benefit. For example, an enterprise in one country may have advanced technology, while an enterprise in another country may have a skilled workforce. By joining forces, they can create innovative products or services
Cost-effectiveness	International cooperation can help enterprises reduce costs and improve efficiency. Companies can realize cost savings by outsourcing certain tasks or production processes to countries with lower labor or operating costs. In addition, through collaborative R&D, enterprises can share the costs associated with innovation and development, making it affordable for all parties involved.
Knowledge and learning	International cooperation facilitates the exchange of knowledge, best practices and industry insights. By working with enterprises from different countries, enterprises can learn from each other's experiences, gain new perspectives, and stay informed about emerging trends and technologies. This promotes innovation, competitiveness and continuous improvement.
Government and regulatory support	International cooperation can provide enterprises with access to government support and incentives. Governments generally encourage cross-border cooperation to boost economic growth, facilitate trade, and attract foreign investment. By partnering with enterprises from different countries, enterprises can take advantage of these government initiatives such as grants, tax incentives, and regulatory assistance.

Source: developed by authors

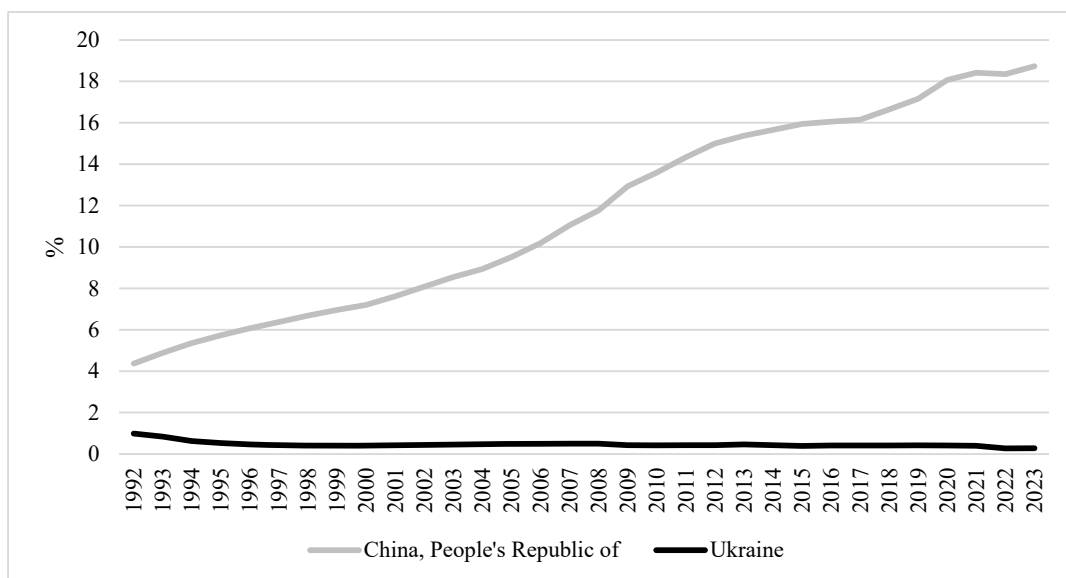


Figure 3. GDP based on PPP, share of world (Percent of World)

Source: [10]

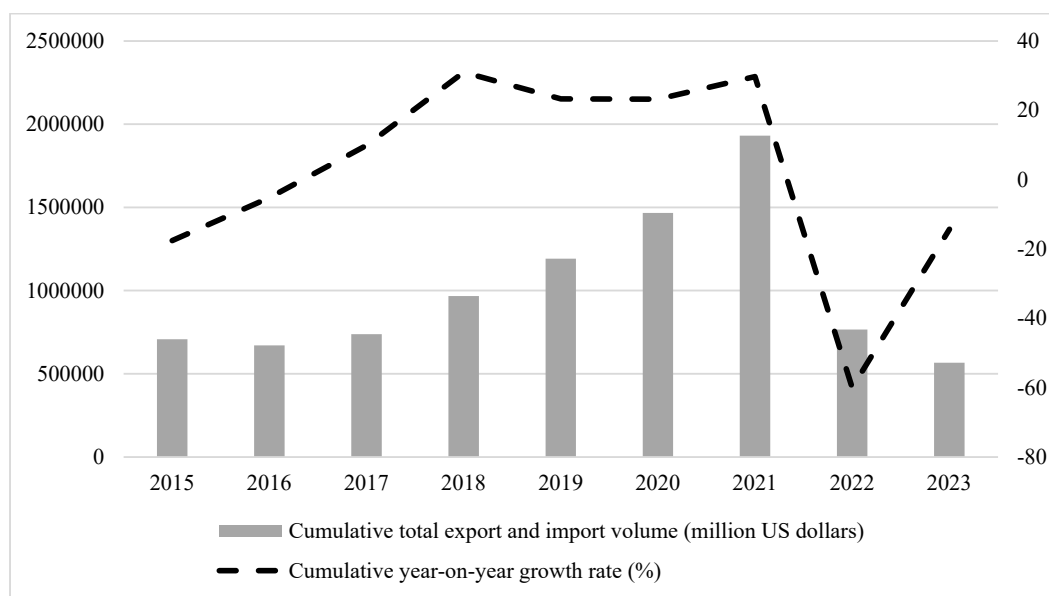


Figure 4. Bilateral import and export volume of goods between China and Ukraine from 2015 till 2023 (million US dollars)

Source: [11]

The trade balance between China and Ukraine from January to October 2023 was -120 755,41 million US dollars, the trade balance between China and Ukraine in October 2023 was 117 217,2 US dollars, and the trade balance between China and Ukraine from January to October 2022 was -836 296,9 million US dollars.

In October 2023, the bilateral import and export of goods between China and Ukraine was 410,28 million US dollars, an increase of 78,5 million US dollars compared with the same period in 2022. Among them the total value of China's exports to Ukraine was 263,75 million US dollars, an increase of 103,02 million US dollars compared with the same period in 2022; the total value of China's imports from Ukraine was 146,53 million US dollars, a

decrease of 24,52 million US dollars compared with the same period in 2022.

In 2022, China exported \$6.59B to Ukraine. The main products that China exported to Ukraine are Broadcasting Equipment (\$673M), Pesticides (\$272M), and Computers (\$245M). During the last 27 years the exports of China to Ukraine have increased at an annualized rate of 18.1%, from \$73.4M in 1995 to \$6.59B in 2022.

Ukraine exported \$2.6B to China in 2022. The main products that Ukraine exported to China were Corn (\$1.06B), Iron Ore (\$380M), and Other Vegetable Residues (\$351M). During the last 27 years the exports of Ukraine to China have increased at an annualized rate of 7.09%, from \$409M in 1995 to \$2.6B in 2022.

As can be seen from statistical data, international trade cooperation between Ukraine and China has been showing positive growth trends for a long time. The decrease in the volume of bilateral trade in the last two years is caused by military actions on the territory of Ukraine and difficulties in the foreign policy sphere.

It is important to note that the nature of exports from both countries has quite different contents. Thus, China exports high-tech industrial goods to Ukraine, while Ukraine exports products with low added value.

In this context, it is worth using the opportunities of international cooperation between the two countries with the aim of developing high-tech exports of Ukraine, using such forms of cooperation that would create economic advantages for our country.

International cooperation between enterprises from different countries requires careful planning, effective communication and collaboration. The organization of international cooperation between enterprises from different countries covers the stages, that presented on Fig. 5.

As mentioned on the Fig. 5, the first step is to identify common goals and areas of common interest between businesses. This may include market expansion, technology transfer, joint R&D, access to resources or cost-sharing opportunities. Clearly defined common goals are the basis for cooperation.

On the next step enterprises must conduct thorough research on potential partner businesses. Evaluate their reputation, financial stability, market share, and compatibility with organizational values and goals. Due diligence helps ensure that both parties have a deep understanding of each other's capabilities and expectations.

Then it is important to establish effective communication channels to facilitate continuous dialogue and information sharing. This can involve recurring meetings, video conferencing, email exchanges, and other digital collaboration tools. Clear and open communication is essential to build trust, solve problems, and adjust strategies.

Important aspect of the organization international cooperation is negotiation about the terms of cooperation and drafting formal agreements. The agreement should outline the roles and responsibilities of the parties, financial arrangements, intellectual property rights, dispute

resolution mechanisms, and any other relevant details. Engage legal professionals familiar with international business law to ensure that agreements are comprehensive and enforceable.

Clarifying terms of international agreement help to build trust that is essential for successful cooperation. Invest time and effort to build personal relationships and foster mutual understanding between the teams involved. This may involve regular face-to-face meetings, field trips, cultural exchange programs, and social events. Building relationships helps reduce misunderstandings and promotes effective collaboration.

After this it is important to clearly participate in the allocation of resources, responsibilities and risks between enterprises. This includes the establishment of financial contributions, resource sharing, technology transfer mechanisms and project timelines. Establishing clear roles and responsibilities ensures accountability and helps manage expectations.

The start of implementation the cooperation activities defined in the agreement must involve a dedicated team to oversee the project and monitor progress regularly. Establish key performance indicators (KPIs) to track the success of the collaboration and maintain ongoing communication and reporting mechanisms to ensure transparency and address any challenges that may arise.

Last stage of this process suppose regularly assessment of the progress and impact of cooperation. Assess whether agreed goals have been achieved and identify areas for improvement. Adapt partnership strategies as needed to respond to changing circumstances or emerging opportunities. Continuous assessment and adaptation are key to sustaining successful and sustainable international cooperation. International cooperation requires patience, cultural sensitivity and adaptability. Understanding and respecting the cultural differences and business practices of partner companies and the countries in which they operate is essential to building strong and lasting partnerships.

The implementation of these steps requires the creation of an appropriate form of organization of international cooperation between enterprises from the two countries. Table 2 summarizes the most expedient forms of organizing international cooperation between Ukrainian and Chinese enterprises.

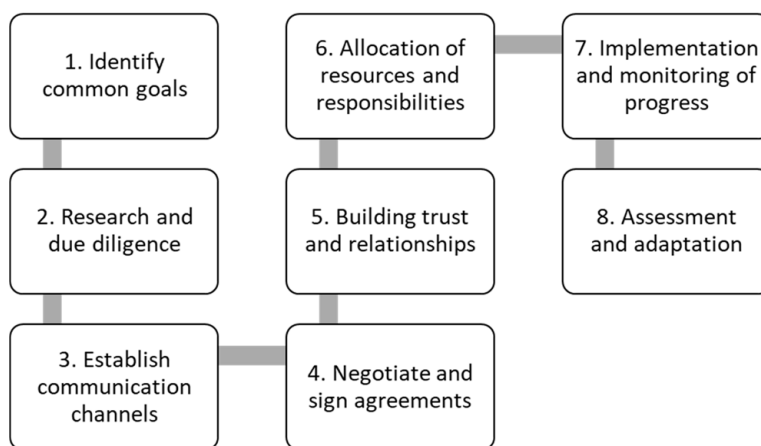


Figure 5. Stages of the organization of international cooperation between enterprises from different countries

Source: developed by authors

Table 2

Possible forms of international cooperation between enterprises from Ukraine and China

Type of organizational form	Explanation
Joint venture	This is a type of cooperation in which two or more businesses from different countries join forces to form a new business entity. In a joint venture, partners share the risks, costs, and profits of the business.
Licensing and franchising	In this type of cooperation, a company in one country grants a company in another country the right to pay for the use of its intellectual property (e.g. trademarks, patents, know-how). The licensee or franchisee can then produce and sell the product or service under a licensed or franchised brand.
Strategic alliance	This is a type of cooperation in which two or more companies from different countries form a partnership to achieve a specific goal, such as developing a new product, sharing distribution channels, or entering a new market. Strategic alliances can take many forms, such as R&D partnerships, marketing partnerships, or joint production enterprises.
M&A	This is a form of cooperation in which a company from one country acquires or merges a company from another country. This enables the acquiring company to expand its business, enter new markets, or gain access to new technologies or expertise.
Export and import	This is the simplest form of international cooperation, where a company from one country exports its products or services to a company in another country, or imports a product or service from another country.
Outsourcing	This is a type of cooperation in which a company in one country contracts with a company in another country to provide services or produce goods on its behalf. This enables companies to take advantage of lower costs or gain expertise or technology from other countries.

Source: developed by authors

In general, the form of international cooperation that enterprises in different countries choose to engage in depends on their objectives, resources and the specific circumstances of the enterprise.

In the globalized economy, international cooperation between enterprises from different countries is becoming more and more common. Businesses are recognizing the many advantages of partnering with foreign counterparts to expand their business, enter new markets, and leverage complementary resources and expertise. We will discuss the advantages of international cooperation between enterprises from Ukraine and China from the following aspects:

1. Expand market reach. One of the most significant advantages of international cooperation is the ability to enter new markets. Partnering with enterprises from both countries enables businesses to tap into a foreign consumer base that may have different needs, preferences, and purchasing power. By forming partnerships or joint ventures with local entities, companies can gain insight into local markets, cultural nuances, and distribution networks to penetrate the market more effectively. This expansion in market reach not only increases revenue streams, but also helps companies diversify their customer base, reduce dependence on a single market, and mitigate risks associated with economic volatility.

2. Diversification Risk. International cooperation enables companies to spread risk across different markets and geographies. By operating in multiple countries, businesses can mitigate the impact of local economic downturns, political instability, or regulatory changes that can adversely affect one market. For example, if a company is completely dependent on the domestic market and experiences a recession as a result of a recession, its survival may be threatened. However, by partnering with companies in other countries, it can offset the negative impact of a market downturn by capitalizing on the growth potential of other markets. This risk diversification contributes to the long-term sustainability and stability of companies participating in international cooperation.

3. Enhance Innovation. International cooperation fosters innovation by bringing together different perspectives, knowledge and experiences from different cultures and backgrounds. Working with enterprises from both countries exposes organizations to alternative ways of thinking, problem-solving methods, and innovative practices. This cross-pollination of ideas stimulates creativity and drives the development of new products, services, and business models. In addition, international cooperation often involves R&D partnerships, joint ventures and technology transfer to enable companies to acquire new technologies and expertise that may not be readily available in their home countries. By integrating resources and sharing knowledge, companies can accelerate innovation cycles and gain a competitive advantage in the global marketplace.

4. Access to new technologies: International cooperation provides enterprises with cutting-edge technologies and advances that may not be available domestically. Partnering with companies in technologically advanced countries can facilitate technology transfer, enabling businesses to upgrade their capabilities, improve operational efficiency and develop new products or processes. For example, partnerships between enterprises in developed countries and enterprises in emerging markets can make the transfer of advanced manufacturing technologies, digital practices or renewable energy solutions possible. Access to new technologies through international cooperation can improve the competitiveness of businesses and help them stay at the forefront of industry trends.

5. Promoting cultural exchange. International cooperation promotes cultural exchange and understanding between companies from both countries. Through collaboration, employees from different cultures can interact and work together, promoting mutual respect, appreciation and tolerance. These interactions not only improve cross-cultural communication skills, but also broaden horizons and encourage innovative thinking. In addition, cultural exchange can lead to the creation of unique products or services that meet specific cultural preferences or solve

challenges in different markets. Embracing diversity through international collaboration enables companies to foster global thinking and build strong relationships with cross-border partners.

Conclusions. Therefore, the conducted research makes it possible to conclude that the international cooperation between enterprises from Ukraine and China offers many advantages that contribute to its growth, competitiveness and resilience. By taking advantage of expanded market reach, diversification of risk, enhanced innovation, access

to new technologies and cultural exchange, businesses can thrive in the global marketplace. However, it is important to understand the challenges associated with this process. In particular, the effectiveness of the organization of international cooperation between enterprises depends, on the one hand, on the form that will be chosen for the implementation of cooperation, and on the other hand, on the detailing of the process of organizing international cooperation and the responsibility and thoroughness of the implementation of each stage.

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