THE MECHANISM OF STATE REGULATION OF EXPORTS: GLOBAL EXPERIENCE

Berdega A.M
National Aviation University, Kyiv
Scientific supervisor – Bila S.O., PhD, Doctor of Public Administration, Professor

In modern conditions, no country is able to ensure the production of all the goods necessary for the national economy and population. Participation in international trade is recognized as objectively necessary and inevitable. World trade is traditional and the most developed form of international economic relations. According to some estimates, trade accounts for about 80% of all international economic relations [1].

For the national economy, participation in international trade takes the form of foreign trade. Foreign trade is trade of one country with others, which consists of paid exportation (exports) and coming-in (imports) of goods and services.

For the first time the policy of free trade was defined by A. Smith in his “theory of comparative advantage”. A. Smith argued that “exchange is favorable for every country; every country finds in it an absolute advantage.” Adam Smith’s analysis became the starting point of classical theory, which is the basis for all types of free trade policy.

R. Torrens in “Essays on Foreign Trade in Grain” (1815), as well as D. Ricardo in the research”The Beginning of Political Economy and Taxation” (1817) derive the classical theory from hopelessness. They show in which limits an exchange between the two countries is possible and desirable, highlighting the criteria of international specialization.

It is in the interest of each country to specialize in production in which it has the greatest advantage or the weakest weakness and for which the relative benefit is the greatest, and their considerations are reflected in the so-called principle, or theory, of comparative advantages.

A lot of researches define the following stages of international trade development:

I - initial (from the XVIII century to the first half of the XIX century). The main role in the world market during this period has the Great Britain, whose share in world export was 25%.

II - second half of the XIX century - the beginning of the First World War (1914). On the eve of the First World War, the 11 most developed countries (Britain, Germany, France, USA, Italy, Japan, Belgium, the Netherlands, Sweden, Switzerland, Canada) provided more than 55% of world exports, while their population was only 20% of the world .

III - the period between the two world wars (1914-1939). There was a significant reduction in world trade (In 1937 the volume of world trade was 2 times lower than before the crisis of 1929; at the beginning of World War II, exports were almost 1.5 times lower than in 1913.

IV - post-war (50-60-ies). The post-war stage of international trade was also called "gold" - during this period 7% of annual growth in world exports was achieved. V - modern (since the early 70's). "Newly industrialized countries" were able to achieve significant changes in the restructuring of their exports. Thus, the share of industrial exports of developing countries in the total world volume in the early 1990s amounted to 16.3%.

The role of the state in international export nowadays is to introduce perfect methods of the foreign trade economic mechanism, which will provide an opportunity to overcome inconsistencies in the foreign economic activity of economic entities systematically.

The use of a tool to regulate international trade has certain consequences both for the market of this product and for the economy as a whole. Therefore, it is very important to determine which of the tools or their complex should be used in a given situation, which of them will give the greatest economic effect.

The dynamics of international exports of 2021 will be affected by the coronavirus pandemic and the economic crisis: a large number of manufacturing companies were forced to stop the production, the quantity of goods production began to fall critically. This will lead to a drop in both exports and imports [2].

The WTO provides a very wide range of forecasts for the decline in world export

– approximately from 13% to 32%. The WTO has developed two scenarios for the impact of the coronavirus pandemic on the world trade (pessimistic and relatively optimistic). According to the pessimistic scenario, by the end of 2020 the world trade will decrease by 31.9%. According to the relatively optimistic scenario, in 2020 world trade will decline by 12.9%. The final figures will depend on the development of the coronavirus spread and the progress made against pandemic. The WTO also adds that uncertainty over the economic impact of the unprecedented crisis remains.

The recovery of international trade in the WTO is projected for 2021 - by 21- 24%. These figures will also depend on the duration of coronavirus outbreak and how effective the pandemic response is [3].

To sum up, the world trade development nowadays occurs with the active participation of the state. It takes part in the trade flows formation by using the mechanism of state regulation, which makes it possible to combine sometimes different national and international interests

References:

1. Федякина Л. Н. Международные экономические отношения, М.: Издательство Юрайт, 2016. 461 с. URL: http://static.my-shop.ru/product/pdf/205/2047135.pdf

2. Methodology for the WTO trade forecast of April 8 2020. URL: https://www.wto.org/english/news_e/pres20_e/methodpr855_e.pdf

3. Trade set to plunge as COVID-19 pandemic upends global economy. URL: https://www.wto.org/english/news_e/pres20_e/pr855_e.htm