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EQUILIBRIUM OF FOREIGN TRADE OF TEXTILE PRODUCTS AND CLOTHES IN THE EUROPEAN UNION COUNTRIES

СБАЛАНСИРОВАННОСТЬ ВНЕШНЕЙ ТОРГОВЛИ ПРЕДПРИЯТИЙ ТЕКСТИЛЬНОГО ПРОИЗВОДСТВА И ОДЕЖДЫ В СТРАНАХ ЕВРОСОЮЗА

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ABSTRACT

BALANCE, EXPORT, FOREIGN TRADE
BALANCE, IMPORT, TEXTILES, CLOTHES

The article presents the results of assessing the equilibrium of foreign trade of textile and clothing enterprises in the EU countries. Key absolute and relative indicators characterizing the state and level of development of foreign trade are highlighted, as well as its main findings.

АННОТАЦИЯ

СБАЛАНСИРОВАННОСТЬ, ЭКСПОРТ,
САЛДО ВНЕШНЕЙ ТОРГОВЛИ, ИМПОРТ,
ТЕКСТИЛЬ, ОДЕЖДА

В статье представлены результаты оценки сбалансированности внешней торговли предприятий текстильного производства и одежды в странах ЕС. Выделены ключевые абсолютные и относительные показатели, характеризующие состояние и уровень развития внешней торговли, а также приведены ее основные выводы.

Today, in the context of growing competition in the world, foreign economic activity is the most important indicator of the involvement of several countries in the global division of labor, the value chain, which requires intensifying factors of intensive growth based on the initiative and enterprise of the business, innovativeness of basic industries and new industries.

In the scientific literature there are many concepts of balanced development, however, in our opinion, the balanced development of an enterprise is an increase in the added value it creates while maintaining break-even and faster growth of exports over imports, which ensures the contribution of the enterprise to economic growth without creating trade and budget imbalances [1-2].

In market conditions, an enterprise, being an economically independent producer of goods, uses different approaches to assessing the effectiveness of foreign economic activity (FEA) (one of the conditions for balanced development), which allows revealing the real situation of balancing the volume of exports, imports, and foreign trade balances. The methodological approaches of domestic and foreign researchers to measuring and evaluating the balance and effectiveness of foreign economic activity of an enterprise [1] are distinguished by a list of indicators, their position in the proposed systems, and the methodology for calculating individual indicators that make it possible to generally assess the impact of various factors.

Assessment of the state and level of balance of exports over imports (or the balance of foreign economic activity) of enterprises was carried out on the basis of indicators of the 1st and 2nd group, their calculation methods and characteristics are presented in [1]. In assessing the equilibrium of foreign trade activities of clothing enterprises, absolute indicators were used: export (E), import (I), foreign trade balance (Balance), foreign trade turnover (TO), as well as relative indicators: foreign trade balance ratio (or net trade index) (KSVD), import export coverage ratio (KPI), the country's share of goods turnover in the total volume of goods turnover (TO share), i-partner's contribution efficiency (EXVD), etc.

The foreign trade results of clothing manufacturing enterprises (C14 – "Manufacture of wearing apparel") are presented on the example of the most significant 10 out of 28 countries of the European Union (EU) and textile enterprises (C13 – "Textile production"). The criteria for the selection of European countries were the following: the number of enterprises and the volume of clothing production. The information base was built on Eurostat statistics, including economic indicators of business for 2016 [3].

Foreign trade volumes of selected European countries (Table 1) were mostly affected by export of products. The largest European clothing exporting country in 2016 was Italy (IT), and also included Germany (DE), Portugal (PT), Romania (RO) and France (FR). The balance of foreign trade of these products in the EU-10 in 2016 had a positive value – 10,086.2 million euros. In the structure of foreign trade in clothing, exports significantly exceeded imports. The share of exports of these products accounted for 61.3 % of the total turnover of EU-10 countries, imports – 38.7 %. The main share of foreign trade in clothing from the EU countries falls on Italy – 33.1 % and Germany – 13.9 %.

An assessment of the level of balance in the foreign trade activity of clothing manufacturing enterprises can be presented using the following relative indicators: K (PEI), as well as K (SVD) and others [1] (Table 1).

In seven EU-10 countries in 2016, K (PEI) exceeded 100 %. High positive coverage by import exports was observed in Portugal – 426 % and Italy – 238 %, the smallest in Spain – 74.6 %. The calculation of K(SVD) indicates that the trade in clothing in a number of EU-10 countries was balanced. We see from Table 1 that the largest value of the net trade index is observed in Portugal – 0.620; Italy – 0.409 and Poland – 0.371. Exports of clothing in the countries listed

above increased at a faster pace relative to imports. The effectiveness of the contribution of individual EU countries (partners) to the overall equilibrium of foreign trade in clothing was the following: Italy – 13.5 %; Portugal – 3.8 % and Romania – 1.8 %. The result of EC (SVD) for Portugal was due to the high value of $K(SVD)$, and in Italy and Romania it is due to their share of turnover.

Table 1 – Absolute and relative indicators of the equilibrium of foreign trade of clothing manufacturing enterprises in the EU countries for 2016

Country (Two-letter Code)	Absolute indicators, million euros				Relative indicators			
	Export	Import	Balance	TO	$K_{(СВД)}$	Share TO, %	$\Delta K_{СВД}$, %	$K_{(ПЭИ)}$
1. Italy (IT)	12 023,2	5 043,7	6 979,4	17 066,9	0,409	33,13	13,548	2,384
2. Germany (DE)	3 407,1	3 737,3	-330,2	7 144,4	-0,046	13,87	-0,641	0,912
3. Portugal (PT)	2 549,2	598,7	1 950,5	3 148,0	0,620	6,11	3,786	4,258
4. Romania (RO)	2 450,0	1 543,3	906,7	3 993,3	0,227	7,75	1,760	1,587
5. France (FR)	1 951,1	2 324,8	-373,7	4 276,0	-0,087	8,30	-0,725	0,839
6. Spain (ES)	1 287,6	1 725,0	-437,4	3 012,5	-0,145	5,85	-0,849	0,746
7. Bulgaria (BG)	1 284,9	791,4	493,5	2 076,2	0,238	4,03	0,958	1,624
8. Belgium (BE)	1 024,8	681,2	343,7	1 706,0	0,201	3,31	0,667	1,505
9. Poland (PL)	801,6	367,7	433,9	1 169,4	0,371	2,27	0,842	2,180
10. Austria (AT)	606,2	486,5	119,7	1 092,7	0,110	2,12	0,232	1,246
Total EU-10	27 385,8	17 299,6	10 086,2	44 685,4	0,226	86,74	19,578	1,583
Total EU-18	3 575,0	3 256,8	318,2	6 831,8	0,046	13,26	0,610	1,098
Total for EU-28	30 960,8	20 556,4	10 404,4	51 517,2	0,202	100	20,2	1,506

Source: made by author based on [1-3]

The volume of foreign trade of the selected countries (Table 2) was mostly affected by export of products. The largest EU textile exporting country in 2016 was Italy, and also included Germany, Belgium, France and Spain. The equilibrium of foreign trade of these products in the EU-10 countries in 2016 had a positive value – 11,753.7 million euros. In the structure of foreign trade in textile products, exports significantly exceed imports. In 2016, the share of

exports of these products accounted for 62.1 % of the total turnover of the EU-10 countries, imports – 37.9 %. The main share of foreign trade in textile products from the EU countries falls on Italy – 20.2 % and Germany – 17.2 %. In all EU-10 countries, in 2016 KPII exceeded 100 %. The maximum positive coverage by imports to exports was observed in Belgium – 200 % and Portugal – 199 %, the smallest in Great Britain – 109.4 % (Table 2).

Table 2 – Absolute and relative indicators of the equilibrium of foreign trade of textile enterprises in the EU countries for 2016

Country (Two-letter Code)	Absolute indicators, million euros				Relative indicators			
	Export	Import	Balance	TO	$K_{(CBД)}$	Share TO, %	EKSVD, %	$K_{(PEI)}$
1. Italy (IT)	7,904.5	4,142.8	3,761.7	12,047.4	0.312	20.24	6.319	1.908
2. Germany (DE)	6,313.7	3,904.6	2,409.1	10,218.3	0.236	17.17	4.047	1.617
3. Belgium (BE)	2,944.3	1,471.9	1,472.4	4,416.2	0.333	7.42	2.474	2.000
4. France (FR)	2,888.1	2,013.6	874.4	4,901.7	0.178	8.23	1.469	1.434
5. Spain (ES)	2,102.9	1,365.7	737.2	3,468.5	0.213	5.83	1.238	1.540
6. Portugal (PT)	1,762.5	886.4	876.1	2,648.9	0.331	4.45	1.472	1.988
7. Poland (PL)	1,761.7	1,277.8	483.9	3,039.5	0.159	5.11	0.813	1.379
8. Nether- lands (NL)	1,623.7	920.5	703.1	2,544.2	0.276	4.27	1.181	1.764
9. United Kingdom (GB)	1,574.9	1,440.1	134.8	3,014.9	0.045	5.06	0.226	1.094
10. Czech Re- public (CZ)	1,307.6	1,006.8	300.8	2,314.4	0.130	3.89	0.505	1.299
Total EU-10	30,183.9	18,430.2	11,753/7	48,614.1	0.242	81.66	19.745	1.638
Total EU-18	6,487.8	4,426.9	2,060.9	10,914.7	0.189	18.34	3.467	1.466
Total for EU-28	36,671.7	22,857.1	13,814.6	59,528.8	0.232	100	23.212	1.604

Source: made by author based on [1-3]

The calculation of the RACF indicates that, in general, the trade in textile products in the EU-10 countries was balanced. At the same time, we see that the largest value of the net trade index is observed in Belgium – 0.333; Portugal – 0.331 and Italy – 0.312. Exports of textile products from the above countries increased at a faster pace than imports. The overall equilibrium of foreign economic activity in the EU countries was provided by Italy – 6.3 %;

Germany – 4.1 %; Belgium – 2.5 % and Portugal – 1.47 %. The result of the EKSVD in the first and second countries was due to the high value of the RDC and their share in the turnover and in the third and sixth countries due to the RDC compared to France and Spain, the net trade index is a determining factor characterizing the effectiveness of the contribution of each partner.

Based on the results of assessing the equilibrium of foreign trade in clothing and textile production in the EU countries, the following conclusions can be drawn.

First, in 2016, the export of products had the greatest impact on foreign trade in the EU countries. The largest exporter and importer of clothing, as well as textiles in the EU, was Italy.

Secondly, it is advisable to formulate a conclusion on the equilibrium of foreign trade not only by the results of K(PEI) and K(SVD), but in conjunction with the geographic concentration of export of products, since the above indicator allows to identify key consumer countries and determine the level of export diversification products.

Thirdly, it is a mistake to assert that the positive results of the equilibrium of foreign trade in absolute and relative indicators indicating the effectiveness of foreign trade of enterprises, as it may cause them losses. Foreign trade of enterprises will be effective if the result from the main activity will be profitable. This confirms the conclusion that the equilibrium of foreign exchange earnings and payments does not yet mean the effectiveness of trade.

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