

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

**The Determinants of Foreign Trade Development in
the Federal Republic of Germany**

Saltanat Tungyshbayeva

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BACHELOR THESIS ASSIGNMENT

Saltanat Tungyshbayeva

Business Administration

Thesis title

The determinants of foreign trade development in the Federal Republic of Germany

Objectives of thesis

The main aim of the present Bachelor thesis is to disclose the determinants of foreign trade development in the Federal Republic of Germany. Since Germany possesses a highly skilled labour force, a low level of corruption, and a high level of innovation (as World Factbook and Transparency International reported in 2020), it becomes interesting to investigate how successfully these factors may form the structure of German foreign trade. To achieve the formulated main goal the following partial research questions will be stated and gradually answered:

1. What trade partners are key partners for Germany, both importers and exporters?
2. What goods constitute the bulk of foreign trade turnover in Germany?
3. Trade in what items had demonstrated a revealed comparative advantage over the analysed period?
4. What is the dynamics of associated macroeconomic indicators in Germany?
5. What are other factors, that play an important role in economic development of Germany?

Methodology

The theoretical part of the Bachelor thesis will be mainly based on a relevant literature review (represented by printed literature, scientific articles, surveys, web sources) and the research of similar studies, using methods such as abstraction, inductive reasoning, analysis, synthesis, and deduction.

The practical part will contain descriptive statistical analysis and qualitative thematic synthesis of the main economic indicators and selected for the analysis variables. Own research work will be mainly based on RCA index analysis along with comparative techniques and statistical inference.

The results of the conducted analysis will be discussed and complemented with the author's corresponding recommendations.

The proposed extent of the thesis

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Keywords

Germany; Foreign trade; RCA; Index analysis

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The Bachelor Thesis Supervisor

Mgr. Elena Kuzmenko, Ph.D.

Supervising department

Department of Economics

Electronic approval: 15. 6. 2022

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 27. 10. 2022

doc. Ing. Tomáš Šubrt, Ph.D.

Dean

Prague on 13. 03. 2023

Declaration

I declare that I have worked on my bachelor thesis titled "The Determinants of Foreign Trade Development in the Federal Republic of Germany " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 15.03.2023

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The Determinants of Foreign Trade Development in the Federal Republic of Germany

Abstract

The main aim of the present Bachelor thesis is to disclose the determinants of foreign trade development in the Federal Republic of Germany. Since Germany possesses a highly skilled labour force, a low level of corruption, and a high level of innovation (as World Factbook and Transparency International reported in 2020), it becomes interesting to investigate how successfully these factors may form the structure of German foreign trade.

The theoretical part of the Bachelor thesis will be mainly based on a relevant literature review (represented by printed literature, scientific articles, surveys, web sources) and the research of similar studies, using methods such as abstraction, inductive reasoning, analysis, synthesis, and deduction.

The practical part will contain descriptive statistical analysis and qualitative thematic synthesis of the main economic indicators and selected for the analysis variables. Own research work will be mainly based on RCA index analysis along with comparative techniques and statistical inference.

In principle, Germany's choice of the "open" economy model and liberalization of foreign trade was certainly the right one. However, there was not enough clarity and precision in the interpretation of the essence of openness and in the definition of the strategy and tactics of its achievement from the very beginning of the reforms. Two approaches, two points of view emerged: understanding it as a quick "shock" liberalization of foreign economic activity and, on the contrary, as a process that has a gradual nature and requires an active, transformative role of the state.

Keywords: Germany, foreign trade, RCA, index analysis

Determinanty vývoje zahraničního obchodu ve Spolkové republice Německo

Abstrakt

Hlavním cílem této bakalářské práce je odhalit determinanty vývoje zahraničního obchodu ve Spolkové republice Německo. Vzhledem k tomu, že Německo má vysoce kvalifikovanou pracovní sílu, nízkou míru korupce a vysokou úroveň inovací (jak informovaly World Factbook a Transparency International v roce 2020), je zajímavé zkoumat, jak úspěšně mohou tyto faktory formovat strukturu německého zahraničního obchodu.

Teoretická část bakalářské práce bude založena především na relevantním přehledu literatury (zastoupeném tištěnou literaturou, vědeckými články, průzkumy, webovými zdroji) a výzkumu podobných studií s využitím metod jako abstrakce, induktivní uvažování, analýza, syntéza a dedukce.

Praktická část bude obsahovat popisnou statistickou analýzu a kvalitativní tematickou syntézu hlavních ekonomických ukazatelů a vybraných pro analytické proměnné. Vlastní výzkumná práce bude založena především na analýze indexu RCA spolu se srovnávacími technikami a statistickým odvozením.

V zásadě byla volba německého modelu "otevřené" ekonomiky a liberalizace zahraničního obchodu jistě správná. Ve výkladu podstaty otevřenosti a ve vymezení strategie a taktiky jejího dosažení však nebyla dostatečná jasnost a přesnost od samého počátku reformy. Objevily se dva přístupy, dva úhly pohledu: chápat to jako rychlou "šokovou" liberalizaci zahraniční ekonomické aktivity, a naopak jako proces, který má postupnou povahu a vyžaduje aktivní, transformační roli státu.

Klíčová slova: Německo, zahraniční obchod, RCA, indexová analýza

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List of abbreviations

GDP ... Gross Domestic Product

FRG ... Federative Republic of Germany

SWG ... Strategic Economic and Financial Cooperation

WTO ... World Trade Organization

US ... United States of America

1 Introduction

The relevance of the topic lies in the fact that economic ties between modern countries are developing as trade growth, increased mutual investment, mass tourist visits, increased energy cooperation and strengthened cultural ties. Germany's socio-economic model has undergone profound changes during the twentieth and twenty-first centuries. In the early 1980s, Germany began to build a modern economic system and took a liberal path of development. Today, Germany is a regional leader, both politically and economically, and one of the most developed countries.

Germany has achieved this largely due to market reforms and an export-oriented development model. Positive GDP growth and qualitative shifts in the sectoral composition of the country's economy, as well as comprehensive development and stimulation of exports, contributed to the intensification of foreign trade, changes in its structure and geographic coverage.

Problems of development of foreign trade activity as part of foreign economic activity have been widely enough covered in the scientific works of foreign and domestic economists and scientists.

The object of the study is the foreign trade activities of Germany as a subject of foreign trade relations.

The subject of the study is a set of economic relations arising in the organization and the formation of directions of development and improvement of foreign trade activities of Germany.

The main goal of this undergraduate paper is to determine the determinants of foreign trade development in the Federal Republic of Germany. Since Germany has a highly skilled workforce, a low level of corruption and a high level of innovation (according to World Factbook and Transparency International in 2020), it becomes interesting to investigate how successfully these factors can shape Germany's foreign trade structure. In order to achieve the formulated main goal, the following partial research questions will be posed and gradually answered:

1. Which trading partners are key for Germany, both importers and exporters?
2. Which goods make up the bulk of Germany's foreign trade turnover?

3. Which products have demonstrated the identified comparative advantage during the period under analysis?

4. What are the dynamics of individual macroeconomic indicators in Germany?

5. What other factors play an important role in Germany's economic development?

The theoretical part of the bachelor's thesis will be mainly based on a review of the relevant literature (represented by printed literature, scientific articles, reviews, Internet sources) and the study of similar studies using such methods as abstraction, inductive reasoning, analysis, synthesis and deduction.

The practical part will contain descriptive statistical analysis and qualitative thematic synthesis of the main economic indicators and selected variables for analysis. Our own research work will be mainly based on the analysis of the PCA index along with comparative methods and statistical inferences.

Structure of the study. The work consists of an introduction, two chapters, combining seven paragraphs, a conclusion and a list of used sources and literature.

2 Objectives and Methodology

2.1 Objectives

The main aim of the present Bachelor thesis is to disclose the determinants of foreign trade development in the Federal Republic of Germany. Since Germany possesses a highly skilled labour force, a low level of corruption, and a high level of innovation (as World Factbook and Transparency International reported in 2020), it becomes interesting to investigate how successfully these factors may form the structure of German foreign trade. To achieve the formulated main goal the following partial research questions will be stated and gradually answered:

1. What trade partners are key partners for Germany, both importers and exporters?
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2.2 Methodology

The theoretical part of the Bachelor thesis will be mainly based on a relevant literature review (represented by printed literature, scientific articles, surveys, web sources) and the research of similar studies, using methods such as abstraction, inductive reasoning, analysis, synthesis, and deduction.

The practical part will contain descriptive statistical analysis and qualitative thematic synthesis of the main economic indicators and selected for the analysis variables. Own research work will be mainly based on RCA index analysis along with comparative techniques and statistical inference. Thus, it is wise to focus on the detailed computation of

the RCA index, which is also known as Balassa index. This index indicates the presence or either absence of comparative advantage in a given industry compared to either another country or a group of countries, where indices below 1 are considered to show a comparative disadvantage, while indices above 1 indicate the presence of a comparative advantage. The index itself is calculated according to the following formula:

$$RCA = \frac{\textit{Share of Industry from the country's exports}}{\textit{Share of industry from the world's or region's exports}} \quad (1)$$

Additionally, the author also considers chain base index, which will help the author to derive a percentual change when comparing different periods between each other.

$$\textit{Chain Base Index} = \frac{\textit{New Value}}{\textit{Previous Value}} - 1 \quad (2)$$

The results of the conducted analysis will be discussed and complemented with the author's corresponding recommendations.

3 Literature Review

3.1 Foreign Trade Policy and Its Role in National Interests

State policy in the sphere of foreign trade activity, in world practice, is aimed at developing a system of standard measures of legislative, executive and supervisory nature, carried out by state institutions, endowed with appropriate powers, in order to maintain the foreign economic balance, stimulating progressive shifts in the structure of export and import of the country, encouraging the inflow of foreign capital.

Under state regulation of foreign trade policy is usually understood the activity of the state, aimed at the development and regulation of trade relations with other countries. The main task of foreign trade policy is to create favorable foreign trade conditions for expanded reproduction within the country (Avsharov, 2015).

Foreign trade policy (hereinafter - FTP) is the general course of a state's policy in international economic relations (Bobyreva, 2017). A state's foreign trade policy determines its economic relations with foreign countries. The main goal of foreign trade policy is to create favorable external and internal conditions for the development of the national economy. The main objectives of foreign trade policy include: protection of national economy by trade and political methods, providing favorable conditions for export of goods and services of a given country to the world market, as well as creating favorable conditions for national suppliers of goods and services to enter the world market, development of a common legal framework of relations between foreign trade operators of the country with their foreign counterparts (Islamov, 2015).

The sphere of foreign trade policy, in modern conditions, is expanding. It includes, along with foreign trade in goods, services and intellectual property objects, broader areas of international economic relations, in particular, currency policy, policy in the field of capital and labor movement, conditions of technology exchange and some other areas (Butsenko, 2017).

Thus, in a broader or general sense, trade policy determines the terms of interaction of the national economy of a country with the world economy. As such, a country's trade policy can be regarded as a component of its foreign policy, to the extent that foreign policy determines the general line of the country's relations with foreign countries. On the other hand, foreign trade policy of the country is closely connected with the domestic economic

policy of the state and can be considered as a continuation in the extra-national economic policy (Kulakov, 2018).

Foreign trade policy is implemented through a set of interrelated measures of domestic and foreign economic policy. These measures include: economic, administrative, legal, technical means that are used to implement foreign trade policy (Bobyreva, 2017).

One of the results of foreign trade policy is greater or lesser involvement of a country's economy in the world economy. Thus, participation of the country in the world economy can promote its economic development and creation of more effective and dynamic economy by deepening participation of the country in the international division of labor. Such a course of foreign trade policy implies a gradual opening of the country's economy, i.e. creation of such conditions, under which the interaction of national and world economies becomes freer. But on the other hand, the integration of the country into the world economy opens the door for foreign competition in the domestic market of the country. The economic interdependence thus formed can be symmetrical (balanced), which is in the interests of the country.

Foreign trade policy can be protectionist or liberal. Protectionism is an economic policy of the state, which manifests itself in purposeful protection of domestic market of its country from penetration of foreign goods into it. Liberalization - expansion of freedom of economic activity of economic entities, removal or reduction of restrictions on economic activity. Liberal policy is often referred to as free trade policy or free trade policy (Islamov, 2015). Sometimes one encounters assessments of the foreign trade policy of individual countries as pure protectionist trade policy or purely liberal. Unrestricted competition from strong countries can make the economies of less developed countries stagnant and form an inefficient economic structure. However, in real life, the foreign trade policy of any country is a combination in varying degrees of protectionism and liberalism.

For example, in the U.S. about 40% of commodity items have a zero rate of duty. In the European Union the number of items not subject to duties is 27%, in Japan - 47%, in Canada - 35%, in Norway - 46%. These figures seem to speak of liberal character of foreign trade policy of these countries. But at the same time, a number of imported goods are subject to duties exceeding 10 %, i.e., have a protectionist character.

Some contemporary researchers allow protectionism to be justified as a possible measure for subsidizing exports by foreign governments (Cedilin, 2016). Thus, according to L.I. Tsedilin, "all this may turn out to encourage 'rent-seeking' behavior" . In any case, when

making decisions on the allocation of subsidies for any industries, one should take into account the difficulties arising in the case of exports of the relevant products, since one has to take into account the above-mentioned retaliatory measures. In practice, as an argument, often in favor of protectionist measures, protection against dumping is cited, because the need to counteract unfair competition is taken into account.

In the second half of the XX century in a number of developing countries the concept of the so-called import substitution policy was developed. E.V. Volkodavova gives a definition of the concept of "import substitution" - it is a model of integration of the country into the system of world economic relations, focused on the economic growth of the state (Volkodavova, 2019).

Import substitution policy includes two directions of government action. The first is the introduction of protectionist import barriers in relation to those sectors of the national economy that are supposed to be protected from foreign competition and to create favorable conditions for their development. The second is the use of direct and indirect subsidies for domestic industries that produce import-competitive goods in order to increase the competitiveness of domestic goods at the domestic market and reduce imports (Islamov, 2016). Usually, these directions are combined.

For example, the government increases duties on foreign cars, and in recent years has also introduced a recycling fee on the importation of foreign cars into Germany in order to reduce imports of foreign cars and at the same time establishes domestic preferential taxation or preferential electricity rates for domestic companies that produce cars. This reduces the costs of national manufacturers and allows them to compete successfully against foreign competition in the domestic market.

Typically, an export-oriented policy involves lowering import trade barriers because this path leads to cheaper imported goods, lowering the overall price level in the country and therefore lowering the costs of export-oriented industries (Islamov, 2017).

The study of global experience in organizing foreign trade policy is an important aspect of understanding the prospects for the development of the domestic model.

In principle, Germany's choice of an "open" economy and foreign trade liberalization was undoubtedly the right one. However, there was not enough clarity and precision in the interpretation of the essence of openness and in the definition of the strategy and tactics of its achievement from the very beginning of the reforms. Two approaches, two points of view emerged: understanding it as a quick "shock" liberalization of foreign economic activity and,

on the contrary, as a process that has a gradual nature and requires an active, transformative role of the state.

Thus, under difficult conditions, opening the national economy outward must be gradual, selective and based on sound structural and industrial policies, with a fine individual combination of liberalization and protectionism measures.

In general, Germany has formed a qualitatively new system of regulation and organization of foreign trade, which in its parameters largely meets the international criteria of an open market economy.

3.2 Concept and Types of International Trade

International trade is historically the first form of international economic relations, dating back to the period of the slave system and being the exchange of goods and services between states. It is not always possible to understand the essence of some categories related to international trade relations in the economic literature. This applies to the concepts of "foreign trade", "international trade", "world trade". The category "international trade" is broader in content than "foreign trade", because first of all it covers a wide range of relations between subjects of world economic relations.

The concept of "international trade" and "world trade" are usually identified in scientific and educational literature. Domestic scientists, in particular I.I. Dakhno, are of the opinion that "international trade is a set of foreign trade of different countries of the world", and foreign trade as "a component of foreign economic relations is divided into export and import of goods". From the state-political point of view international trade can be considered as a special type of social relations, arising in the world economic system in the process and regarding the exchange of goods and services between states, having their own foreign and foreign trade policies. Western scientists consider international trade as a cross-border exchange of goods and services.

This means that international trade involves the exchange of not only goods, but also services, the share of which is up to 20% in international trade (Alimova, 2021). A country's participation in international trade leads to an increase in exports, and also contributes to employment; international competition causes the need to improve enterprises; export revenues serve as a source of capital accumulation aimed at industrial development; intensification of the reproduction process in national economies is a consequence of

increasing specialization, creating opportunities for the birth and development of mass production, increasing the degree of equipment utilization, growth of efficiency.

Through foreign trade the national economy interacts with the economies of other countries. At the same time, it is the main channel through which the world market through the mediation of international value, world prices affects national production, dictating competitive technical and economic parameters of production, the level of costs, quality standards (Sazonets, 2019).

World trade is the engine of production of individual countries and regions, as well as the world economy as a whole, because it provides a more rational use of material and human resources at all levels of economic activity. World trade develops under the influence of many factors, the main of which are:

- the development and deepening of the international division of labor, and the internationalization of production;
- growth of trade and economic integration with the formation of common markets and free trade zones;
- liberalization of international trade;
- The scientific and technological revolution;
- the formation of economic models in transition countries oriented to the foreign market (Kostenko, 2020).

At the present stage, the extraordinary dynamism of foreign trade is largely due to the development of specialization and cooperation of production on an international scale, the abolition of many restrictions in international trade, the high pace of development of "new industrialized countries".

The following factors contributed to the stable growth of international trade:

1. Deepening international division of labor and internationalization of production.
2. The scientific and technological revolution (hereinafter referred to as the "NTR"), which contributed to the renewal of fixed capital, the creation of new industries, which accelerated the reconstruction of old production facilities.

3. Significant increase (outstripping growth) in the share of services (the so-called "invisible exports"). The main types of services in world trade are:

- services related to foreign trade (transportation, insurance);
- services related to the exchange of technology, trade in licenses, know-how, engineering, management services, etc.);

- exchange of social and cultural services, in particular the provision of tourism and banking services;
- international settlements, leasing operations, etc.;
- Trade in services related to labor migration (payment and transfer of wages, social benefits, and the like);
- other types of services (advertising, consulting, agency, lawyer's services, real estate services, franchising, etc.).

In the international market of social services (education, health, tourism, sports, culture, art, etc.) tourism plays a crucial role.

4. the activity of TNCs in the world market.

5. Regulation (in particular, liberalization) of international trade in the framework of the World Trade Organization (hereinafter - WTO). Liberalization of international trade implies the transition of many countries to such a trade regime, in which quantitative restrictions on imports are lifted, customs duties and other restrictions are reduced.

6. Development of economic and, above all, trade integration: elimination of regional barriers, formation of common markets and free trade zones.

7. The political independence of former colonial countries and their subsequent development, and the separation of "new industrialized countries" among them, whose economic model is oriented to the foreign market.

8. Transformation processes in post-socialist countries, which led to an increase in the openness of their economic systems.

In the sphere of trade in the world market the law of uneven economic development continues to operate. Between the developed countries and world economic centers it operates even more intensively. It is most evident in the sphere of trade in services.

So, in order to develop international trade it is necessary:

- Create TNCs whose activities would open up new opportunities for the German economy to integrate into the global division of production and increase competitiveness in the world market.

- First and foremost, modernize the key export-oriented sectors of the domestic economy, whose activities would help improve the country's export capabilities.

- Strengthen the level of legislative support for enhancing the competitiveness of domestic IPOs both on the external and domestic markets in the context of inflation, the global trends of rising prices for energy carriers.

- Develop measures of state support for multi-vector export expansion of OIC to the world market.

- Taking into account international experience, to strengthen the practice of anti-dumping and special measures on trade protection of OIC.

- Improve the program of cooperation with other countries, as well as the practice of using instruments of contractual settlement of foreign trade issues, reduction of protectionist measures between countries (duties, quotas)

3.3 Trends in the International Trade Arena: Characteristics

International trade is very important for the economy. International trade allows to overcome the limited national resource base and the narrowness of the domestic market, increase opportunities for accumulation, industrialization, increase the rate of economic growth, rationalization of the use of natural resources and labor, which leads to increased productivity and income. Participation in world trade creates conditions for accelerated development of structural changes in national economies. At the present stage the development of the world economy is significantly influenced by globalization processes, which largely form new trends in international economic relations (IEA). The content of international economic relations is changing, their new features and new trends appear under the influence of globalization factors.

In light of today's global developments, which contribute to the increasing interdependence of the economies of different countries and the interconnection of companies, the processes of expansion or curtailment of international trade relations as a response to global challenges, which today can include economic crises and dangerous diseases, are operative. Under their influence there are also changes in the legal regulation of international trade. Important trends and events observed in the field of international trade continue to have a significant impact on the development of the domestic economy, the processes of foreign economic activity of local enterprises and companies.

In this regard, companies face more risks than foreign companies. Therefore, domestic enterprises in the conditions of adaptation to changes in the global economy, in addition to adapting to new changes (using opportunities to eliminate tariff and reduction of technical barriers, information and training support), should make a search for new partners and diversify their trade operations. Analysis of recent studies and publications that have begun to address this problem and on which the authors rely.

Diagnosis and determination of the prospects for the development of international or foreign trade is the subject of scientific search of domestic researchers. It is noted on the high export-raw material orientation, simultaneous stable trend of import dependence and preservation of the negative balance of foreign trade of our country, which is considered unfavorable for the formation of investment attractiveness and increasing the efficiency of foreign trade. At the same time, the importance of ensuring the development of industry through the localization of production, promoting the orientation of industry to the domestic market, ensuring the development of export potential in those industries that have the greatest demand during the economic crisis is justified (Korolenko, 2021). Highlighting the previously unresolved parts of the general problem to which this article is devoted. In the process of carrying out foreign economic activity for enterprises, there were both many potential opportunities and many challenges.

During the period of quarantine restrictions and its trading partners faced a number of problems, in particular a significant reduction in trade, complications in the implementation of foreign economic contracts, unstable demand and uncertainty in the development of goods and services market and the like. Research tasks connected with diagnostics and forecasting of development of the sphere of international trade, revealing of the basic tendencies and events become actual in the context of necessity of strategic and current planning of development of the enterprises focused in their activity on the foreign economic component. Formulation of the article's objectives (problem statement).

Among the important global trends observed in 2019, experts note: the politicization of international trade and the intensification of protectionism, the rapid development of paperless international trade, innovative trading platforms and financial technologies, the further development of China's Belt and Road strategic initiative, the regulation of trade terms between the UK and EU on Brexit, the ratification of the new trilateral trade agreement between Canada, the US and Mexico (Zvyagin, 2019). The coronavirus pandemic has become a major challenge to the global economy. The imposition of quarantine restrictions, lockdowns, and border closures caused one of the biggest economic crises of the last century, the effects of which cannot be fully assessed today. The WTO report notes that the drop in international trade as a result of the pandemic is a significant blow to export-oriented economies.

However, the decline in international trade is not only attributed to the coronavirus; the overall volume of trade in goods began to decline back in 2019 (then the decline was

0.1% in quantity and 3% in value. By comparison, trade volumes were up 2.9% in 2018). The WTO justifies such circumstances by the long trade war between the world's largest economies, the U.S. and China, which has stimulated higher import duties on a significant group of goods, and the slow growth of the global economy. The global economy has also been weakened by a prolonged government shutdown in the U.S. at the turn of 2018-2019, Britain's exit from the European Union, and adopted changes in the monetary policies of the world's largest economies.

The world community notes that this drop in global trade in goods was the first in the last decade, that is, since the global financial crisis of 2008-2009. At the same time, it is noted that world trade is quite concentrated, as more than half of global export-import of both goods and services is accounted for by ten major players: China, the United States, Germany, Britain, Japan, France, the Netherlands, Hong Kong, Korea and Italy. However, already in the first half of 2020 trade collapsed precisely because of COVID-19. World Trade Organization shows the dynamics of the Purchasing Managers' Indices (PMI), which was at 50 (but fell to 27.1); the reduction of passenger and cargo commercial flights; changes in consumer preferences, in particular, the organization noted a steady increase in demand for goods related to renewable energy. Understandably, such trends have prompted countries around the world to adopt a number of instruments aimed at regulating foreign trade flows. WTO member countries have applied many mechanisms affecting international trade and have been directly linked to the pandemic.

In the initial phase of the pandemic, they took measures to significantly restrict exports of certain categories of goods, primarily medical goods; in the next phase, they introduced measures aimed at simplifying import procedures for goods needed to combat the pandemic and began to gradually liberalize export restrictions for such groups of goods. Export revenues remain an important factor in economic growth. The significant dependence of the world economy on export activity can be confirmed by applying the tools of correlation and regression analysis. In our study, the author built an econometric model of the dependence of GDP of the twenty leading countries on this indicator on their exports of goods and services in 2019.

So, the coronavirus pandemic has challenged all countries to improve economic preparedness for global emergencies.

In this regard, it is advisable to create effective response mechanisms that can be used when challenges arise in the global economy. Conclusions from this study and prospects for

further exploration. During the last period, the dynamics of international trade have been affected by various factors, most notably the coronavirus pandemic. This manifested itself in a general decline in economic activity, which reduced demand for goods in general inclusive of imports; reduced trade flows and revenues from export activities.

Foreign trade has also undergone changes and upheavals due to lockdowns, border closures, and trade restrictions by partner countries. However, exports for many countries of the world remain an important factor of economic growth and realization of competitive advantages in the world markets. The emergence of risks of global level justifies the need for the country to develop and implement a set of measures of adequate response to eliminate and minimize their negative impact, and to restore the economic activity of domestic exporters.

International trade in goods and services is most influenced by it, so its development must be considered in the new context of globalization (Yerina, 2022). Initially, during the formative period, the sustained growth of international trade was influenced by such factors as the international division of labor (DIL) and the internationalization of production; the scientific and technological revolution; the active activities of TNCs; the liberalization of international trade; the development of trade and economic integration processes (Chernega, 2019). All this has undoubtedly contributed to an increase in the volume of international trade, changes in its commodity and geographical structure (UNCTAD, 2019). The role of developing countries is increasing and the influence of developed countries is decreasing. The share of transition economies is decreasing. Among the leading exporters there are developing countries that firmly hold their positions, in particular, China has held the first place for several years. At the present stage of development of international trade it is necessary to consider it in the new conditions, the conditions of globalization. In this case international trade acts as a system of micro- and macro-levels, because it includes suppliers, consumers, governments and international organizations (Toropkov, 2019).

Significant factors influencing international trade in the context of globalization are the scientific and technological revolution (STR) and scientific and technological progress (STP). Let us consider the trends of international trade under the influence of these factors. 1) Ideas, information and knowledge become the subject of purchase and sale, acquiring different forms in the process of creation, distribution and movement. Most of the value of modern goods depends on the amount of innovation, research and service. The greatest value of innovation is in the United States.

A large part of the value of modern companies consists not so much of tangible components as of intangible ones (brand value, costs of innovation, promotion, and the like). Information has its own value for business, because it reduces uncertainty in economic decisions; it influences people's behavior, which also has economic consequences; sometimes information itself has its own market value (Kudina, 2021). The explanation for the first reason has been known since the 1950s. It was substantiated in the mathematical theory of decision making. It is the reduction of uncertainty that one will focus on, because it is the most relevant for normal conditions. The cost of information affecting people's behavior is simply equal to the cost of the difference in their behavior. If performance measurement yields a 20% increase in productivity, then the monetary value of the increase in productivity is the cost of measurement.

If the value of the information is its market value, then one faces the problem of market forecasting, which is no different from evaluating the sales of any other product. However, most often in business, measurements are taken because they are at least partly related to decision making (Moses, 2020).

2) The development of network technology has led to the emergence of a new class of currencies, namely Bitcoin and its derivatives. They have a large number of advantages over most available payments. These include the following:

- it is not possible to jump issue; the state or the central bank will not be able to print additional money supply, depreciating the currency;

- to use Bitcoin, you do not need to trust them to an intermediary, including a bank, an exchange, an affiliate system, which has a system of "electronic money" (Webmoney, Yandex money, PayPal, etc.);

- the system works on the technology "peer-to-peer", that is, all users of the network simultaneously ensure the efficiency of the network, they are equal, there is no more "main", "first", which automatically makes it impossible to ban from different motives to transfer money; Bitcoin is a distributed system, that is, there is no single center or organizer of the system, which can be pressed by the state by force;

- Relatively high speed of transactions, the ability to pay a fee and make a payment faster or make a free payment, but you have to wait a few days;

- You don't need a passport to create an account and you don't have to go anywhere;

- Bitcoin accounts cannot be blocked or seized, nor can individuals be denied service;

- unlimited transactions, the system works all over the world, wherever there is Internet, and ignores any borders and prohibitions.

3) The modern Internet is changing the relationship between consumer, producer and seller, bringing it to a higher quality level. If earlier the most important criteria of product effectiveness were price and quality, now it is more and more important to meet individualized needs, that is, the international product must be adapted, customized, delivered in such a way as to best meet the needs of global consumers.

Also today there is a significant increase in requirements for service services. For companies, service and personalization services are becoming a significant source of profit. Let's take the example of Amazon with its Amazon Prime service. Priced at \$99 a year, Prime helps to maintain user loyalty by offering special discounts and free shipping for a wide range of items in two days. After using Prime for a free trial month and realizing all the benefits of the service, customers return to it quite often.

In this way, Amazon is able to create a loyal customer base that consistently buys just about anything it needs from Amazon. In addition to customer retention, Prime allows Amazon to make money. Despite being an open company, Amazon is very reluctant to share information. It has never reported how much was earned on "Prime." Prime subscriptions don't make much profit, but money is made on incremental sales. Because of the efficient delivery system, customers are more willing to order from Amazon than to go to other stores.

4) There is a high degree of integration between the economies of different countries. However, this can lead to an expansion of the consequences of force majeure. Today, the impact of the COVID-19 virus epidemic, which began in China, can be felt in almost every country in the world. Over the next six months, the world economy will be in a precarious state due to measures to combat the pandemic, in particular restrictions on production and consumption, free movement around the world.

The tourism business will be significantly affected, international passenger traffic will be significantly reduced. Quarantine measures in the context of the COVID19 pandemic have negatively affected the established global supply chains, which will contribute to the global trend of transition from free foreign trade to protectionist policies. Already the world's leading companies are thinking about transforming their strategy to optimize the supply chain and localize production with maximum added value. The spread of the viral infection will allow a number of countries to change their migration policies. For example, more and more EU leaders are speaking out in favor of revising the Schengen Agreement.

Restrictions will affect labor mobility, and rising unemployment will not contribute to higher wages.

On the basis of the study, the author comes to the following conclusions.

1) International trade emerged and developed under the influence of such factors as the international division of labor, internationalization, and the activities of TNCs.

2) In modern globalization conditions international trade is transformed into a new quality, because information and knowledge become the object of purchase and sale, new sales technologies appear, it is important to talk about the appearance of not just new goods, but goods that have no physical characteristics (in the traditional sense of the word "goods"), such as mobile applications.

3) The sale of goods on the international market is actively influenced not only by economic factors, but also by political factors and force majeure situations.

The enterprise, which enters the foreign market, not only receives higher profits, but also higher risks. Taking these factors into account will allow the enterprise to function effectively.

3.4 Features of the Transformation of the Modern Economy

The global economy brings together the economic activities of more than 200 national economies that process, produce, and consume products in the world. Countries in today's global economic system exchange not only final products, but also intermediate resources, which in turn creates a complex network of economic interactions that span the entire world. A characteristic feature of world trade today is the existence of bilateral relations, that is, most countries that export goods to any country also import goods from the same country (Ishchuk, 2018). The increase in world trade averaged about 10% in 2018. Over the past 10 years, world trade and GDP have grown in tandem, both up 26% since 2008.

While some of this growth is due to global output and investment growth, one of the determining factors behind this strong rebound was the disappointing trade performance in 2015 and 2016. Another important factor contributing to the rise in the value of global trade is the recovery in commodity prices. These factors are not expected to contribute to further trade growth, as global output is unlikely to increase significantly and commodity prices tend to stabilize or even decline in the next few years.

Global merchandise trade grew 3.0 percent in 2018, slightly higher than GDP, well below the 4.6 percent increase recorded in 2017, this is due to growing trade tensions and historically high levels of trade restrictions. 88 The pattern of global trade growth in 2017 and 2018 was not limited to the major economies, but was also similar for emerging economies. Developing country trade gains rose from a minuscule 15% in 2015 to about 15% by 2018. Developing countries exported a total of \$8.779 billion. Of these, \$193 billion came from the least developed countries. The least developed countries accounted for \$193 billion in exports. So over the past decade, the presence of developing countries in international markets has increased significantly compared to developed countries. Their share of the export market has increased in all sectors, particularly in machinery, non-metallic mines and communications equipment. Much of the world's trade has been clustered around three regions: North America, Europe, and East Asia. In 2018, the value of international trade flows increased in all regions. The largest increase in trade volume in 2018 was in Asia.

Trade flows have grown the most in the Middle East and Africa. Alone, the United States, Germany, and Japan account for about a quarter of all world trade, an advantage seriously denied to developing countries. In addition, the G7 countries account for half of world trade, a dominance that has lasted more than 100 years. Developing Asia accounts for a growing share, with China accounting for the largest growth in both absolute and relative terms. These geographic and economic changes are also reflected in transoceanic trade, in which Trans-Pacific trade is growing faster than transatlantic trade (Adamik, 2017).

The world market has a pronounced regional structure. Industrial goods are mainly exported by North and Central America, Europe, South, East and Southeast Asia. Other regions specialize in commodity exports except Brazil, South Africa, Nigeria, and some North African countries. Major fuel exporters are located along the northern coast of South America, in Middle and North Africa, and in West and Central Asia. In Africa, commodities account for three-quarters of commodity exports, in the Americas for half, and in Asia and Oceania for only a quarter. Leading exporting and importing countries in global merchandise trade in 2018 were China, the United States, and Germany. The first three countries in the ranking generate more imports than the next 7 totals (\$6,036 billion vs. \$4,416 billion). The ranking of the ten most import-dependent countries and the ten most export-dependent countries includes the same 10 countries, only the order of placement on the list differs.

If one considers the dynamics of the leading countries of industrial goods, China certainly occupies the dominant position. Since 2004, there has been a rapid increase in the volume of China's industrial exports. This is to some extent due to the introduction of China's overall economic development plan since 2001, which consisted of three stages: "meeting WTO commitments and continuing trade liberalization" (2001-2005), "adapting trade policy and transforming the growth model" (2006-2008), and "recovering from the global financial crisis" (2008-until now) (Bin, 2015).

0 500 1000 1500 2000 2500 3000 3500 4000 4500 5000 USA Germany China

However, since 2018, China's industry has been growing slowly, due to the trade conflict with the U.S., as well as problems in the investment and consumer sectors. China's exports are the world's No. 1, earning the state 80% of its foreign exchange earnings. Ninety percent of China's industrial and agricultural output is sold on foreign markets, the range of goods exported includes 50 thousand items. China has trade and economic relations with 182 countries and regions of the world. Intergovernmental trade agreements and protocols have been signed with 80 of them. The main partners are Japan, South Korea, USA, Germany and Australia. A characteristic feature of the Chinese economy is its dependence on foreign markets. The U.S. is the world's largest economy, on which a great deal depends, and it is in grave danger with its 17.2 trillion-dollar debt. The U.S. has the second-largest industrial production in the world. Industrial exports consist of commercial airplanes, industrial machines, semiconductors, electrical appliances, telecommunications, and medical equipment.

U.S. industry has been growing since 2004, but due to the financial and economic crisis (2008-2009) and changes in the global economy (2015-2016), there has been a drop in exports of manufactured goods. Exports are dominated by consumer goods and industrial inputs and materials, cars and parts, food and beverages, gasoline and oil, silver and gold. The largest partners are Canada, Mexico, China, Japan and the United Kingdom. In an effort to protect the U.S. market, U.S. President Donald Trump has been waging a trade war against China since 2018, using various trade restrictions in the form of duties and quotas. Accusing China of engaging in years of industrial espionage and theft of American advanced technology, as well as flooding the U.S. domestic market with cheap goods.

At the beginning of the trade confrontation, the U.S. government raised import duties on solar panels and washing machines to 30 percent, followed by duties on aluminum to 10 percent and steel to 25 percent. 92 By imposing trade restrictions, the U.S. caused a similar

reaction from China, with the result that the trade confrontation could affect other countries and regions, and lead to a slowdown in economic growth and higher prices. Germany, today is the largest economy in Europe and one of the largest in the world. It regularly ranks third among the world's largest exporting countries after China and the U.S. Germany exports: cars, chemicals, computers and electronics, food, textiles, rubber and plastics.

Among the largest partners are France, the US, the Netherlands, the UK, Belgium and Switzerland. Since 2018, German exports have been affected by investor caution around the world as a result of the trade war between the US and China, as well as the lack of clarity about the UK's future exit from the European Union. Germany's leading export markets (U.S., China, and U.K.) may experience a slowdown in 2018. This is due to the trade tensions that have developed. The Munich-based think tank reports that if US President Donald Trump does impose taxes on imported European cars, it could cause German GDP to fall by 0.2%.

Consequently, these countries are extremely dependent on each other for mutual growth and prosperity. The author will analyze the dynamics of world imports for 2001-2018 years on the basis of the calculation of basic and chain absolute growth, basic and chain growth rate and growth rate, one percent growth and average indicators of the dynamics. According to the data obtained during the period under study, it can be noted that:

- the absolute growth of the base method since 2003-2008 had a significant increase in the index in 2009 there was a sharp decrease in the index - \$6321.8 billion. There was also a slight decline in the indicator during 2015-2016, but the situation improved in 2017-2018 (\$11,499.0 billion and \$1,369.2 billion, respectively);

- in the chain count, the absolute increase since 2003- 2008 had the largest increase, but 2009 and 2015-2016 there was a decrease in the indicator, the situation has improved in 2017-2018 the increase was (\$1,753.6 and \$1,870.2 billion, respectively);

- the base growth rate gradually increased during 2002-2017, in 2018 had the largest increase and was 312.3%;

- the growth rate of the chain since 2002-2008 initially had a similar trend to the base year, but in 2008 and 2015-2016 there was a decrease in the indicator since 2017 the indicator began to increase and was 110.9%, or 10.9% more than in 2016;

- the absolute value of one percent growth during 2002-2018 tended to increase.

A generalized characteristic of the series of dynamics is, first of all, the average level of the series. In this example of global imports of goods, the average level of the series is

\$14,215.5 billion. IN ADDITION TO THE AVERAGE LEVEL OF THE DYNAMICS SERIES, OTHER AVERAGE LEVELS OF THE DYNAMICS SERIES ARE CALCULATED. In addition to the average level of the series of dynamics, other average indicators are also calculated:

- the average absolute increase, which is \$786.4, meaning that global imports of goods grew by an average of \$786.4 billion annually between 2001 and 2018. THE AVERAGE ABSOLUTE GROWTH RATE IS \$786.4 BILLION;

- The average growth rate was 1.1, which means that global imports of goods increased on average by a factor of 1 annually between 2001 and 2018;

- The average growth rate was 0.1, which means that world imports of goods between 2001 and 2018, on average, were unchanged.

Analyzing how much the rate of global imports of goods slowed down comparing the periods 2001-2013 and 2013-2018, according to the received calculations the rate of slowdown was 0.75, i.e. in the period 2010-2018 the rate of global imports slowed down by 25% compared to 2001-2010. The analysis of the dynamics of global exports for 2001-2018 is calculated similarly to the indicators of imports of goods.

In the basic method of calculating the absolute growth during the period under study, starting from 2003-2008, there was an increase in the index, in 2009 there was a sharp decline in the index - 6219.2 billion U.S. dollars. IN 2009, THERE WAS A SHARP DECLINE OF \$6,229.2 BILLION. There was also a slight decline in the indicator during 2015-2016, but the situation improved in 2017-2018 (\$11,423.4 billion and \$13,157.1 billion, respectively). In the chain calculation of absolute growth since 2003- 2008, the indicator had the largest increase, but 2009 and 2015-2016 there was a decrease in the indicator, the situation improved in 2017-2018 the increase was (\$1669.0 and \$1733.7 billion, respectively). The baseline growth rate was highest during 2002-2017, 2018 had the highest growth rate at 314.7%.

The highest chain growth rate since 2002-2008 initially had a similar trend to the base year, but in 2008 and 2015- 2016 there was a decline in the indicator since 2018 the indicator began to increase and was 110.9%, or 10.9% more than in 2017; The average absolute increase, which is 773.9, meaning that world goods exports grew by an average of \$773.9 billion annually from 2001 to 2018. THE AVERAGE ABSOLUTE GROWTH RATE WAS \$1.5 BILLION. The average growth rate was 1.1, meaning that world merchandise exports grew by an average of 1 each year between 2001 and 2018. The

average growth rate was 0.1, meaning that world merchandise exports were flat on average between 2001 and 2018.

The deceleration coefficient was 0.75, which means that between 2010 and 2018, the rate of global exports slowed down by 25% compared to 2001-2010. After the crisis period, the growth rate resumed its slow growth, but in 2015-2016 there was a slowdown due to significant changes in the global economy. In 2017-2018, growth rates resumed. Economic phenomena and processes taking place in the world tend to change over time and, as a rule, such changes are structural in nature. In order to determine the transformation processes in the world commodity markets, it is necessary to assess structural differences and structural shifts.

The statistical analysis of the commodity structure of world market exports allows us to obtain qualitative information of the structural-dynamic process, quantify it and present a meaningful interpretation of the results obtained. Statistical data on the commodity structure of exports of goods of the world from 2001 to 2018.

To determine generalized indicators of structural shifts, the analysis of structural changes in the phenomenon is applied. The main task of the analysis is to determine the degree of influence of changes in the structure of the phenomenon by means of a system of interrelated indices. Up to the main integral indices of structural shifts, which allow to trace in the dynamics the qualitative changes that occurred relate to:

A. Salai's summary indicator of structural shifts takes into account the intensity of changes by individual groups, the specific weight of groups in the compared structures, and the number of groups. So, world trade is not trending steadily after the strong rebound from the Great Recession that began in December 2007 and lasted until September 2008, international trade grew at a slow pace and deteriorated significantly in 2015-2016.

The fall in trade for 2015-2016 was due to such factors as falling commodity prices, the changing dynamics of the international integration process and the general appreciation of the U.S. dollar, the weakening of the recovery in Europe, and the slowdown of the Chinese economy.

In 2016, the manufacturing and agricultural sectors experienced the largest declines. Trade volume growth resumed in 2017-2018. The global commodity structure of merchandise exports during the period under study had an industrial direction and the potential to increase sales of products such as oil, gas, coal, petroleum products, chemicals, machinery, communications equipment, and automobiles

4 Practical Part

4.1 Current State of the German Economy

The global financial and economic crisis of 2008-2009 led to a decline in GDP in Germany by 5.6% (Destatis, 2022). However, A. Merkel's government was quite successful in guiding the country through the crisis, and already in 2011 the economy reached the pre-crisis level. The average annual GDP growth rate in 2010-2019 was 1.1% (Destatis, 2022). The COVID-19 pandemic was a new test of the German economy. The dynamics of key macroeconomic indicators since the COVID-19 pandemic began, Germany has had five lockdowns: in April 2020, November 2020 ("soft lockdown"), December 2020-January 2021 ("hard lockdown"), March-April 2021 ("Easter lockdown") and December 2021-January 2022 ("light lockdown"). Compared to 2019, there was a 4.6% drop in GDP in 2020.

The worst results for the period from 1950 to 2021 were recorded only during the global financial and economic crisis of 2008-2009. The largest drop in GDP was seen in the second quarter of 2020 (-10%), followed by growth, which continued until the first quarter of 2021. After the fall in early 2021, GDP began to grow again, reaching pre-crisis levels by the end of the fourth quarter. Germany also faced inflation, the growth of which was caused by two factors. First, the pumping of the economy with "cheap money," as will be discussed below; second, rising energy prices.

The negative effects of these factors became most pronounced in 2021. The inflation rate has been low or negative throughout most of 2020: it has not risen above 0.9% since the pandemic began (Statista, 2020). Since January 2021, however, it began to rise and, after a slight decline in January 2022, was 5.1% in February 2022 (ANBA, 2022). In order to deal with the consequences of the COVID-19 pandemic, the federal government abandoned its "black zero" (surplus budget policy, "Schwarze Null") policy. In the first quarter of 2020 there was an excess of expenditures over revenues, and this trend continued throughout the year, at the end of which the state budget deficit was €189,228 million (Destatis, 2022). In March 2020, the first supplementary budget of 156 billion euros was drafted. In July 2020. In July 2020 the Bundestag approved a second supplementary budget of 61.8 billion euros. In April 2021 the supplementary budget for 2021 was approved, which involves a new debt of 240.2 billion euros for Germany.

The adoption of these decisions required an increase in borrowing. This led to a public debt of 2,172,888 million euros in 2020, an increase of 14.42% on the previous year (Schulden, 2022). Germany's national debt is 68.7% of GDP in 2020 and 71.4% of GDP in 2021. It is projected to be 69.2% of GDP this year and 68.1% of GDP in 2023 (Statista, 2022). When considering the impact of the COVID-19 pandemic on the labor market, one should analyze the unemployment rate, which has been one of the most important socioeconomic indicators in Germany for decades.

Measures to contain the pandemic, dictated by epidemiological considerations, had a negative impact on employment: people worked fewer hours or did not work at all for a certain period of time. The unemployment rate during the pandemic reached its peak in August 2020, when it rose to 6.4%. In the first quarter of 2021, the unemployment rate held steady at 6.2 to 6.3% and only dropped to 5.1% in December, up 0.2% from the pre-recession fourth quarter of 2019 (Destatis, 2022). Foreign Trade Dynamics The COVID-19 pandemic affects international trade. Some of Germany's main trading partners were particularly hard hit by the pandemic, which could not but affect German foreign trade, which is strongly export-oriented.

During the height of the pandemic - the second quarter of 2020. - there was a significant drop compared to the previous quarter in both exports (-21.28%) and imports (-19.64%), primarily due to the cessation of shipments from China. In the third quarter of 2021, however, German exports and imports differed only slightly from those of the fourth quarter of 2019 (moreover, there were positive changes): exports increased by 1.38%, imports increased by 4.13% . This can be explained by the fact that by the third quarter of 2021 the situation in the world in general and the German economy in particular had relatively stabilized, including thanks to the anti-crisis measures taken by the Federal Government.

Speaking about the export quota of goods and services, one can state the following: in the second quarter of 2020 it fell sharply by 5.8% compared to the previous quarter (to 40.1% of GDP) (Destatis, 2022). This was followed by growth, which continued until the third quarter of 2021. In the third quarter, there was a drop to 45.2% of GDP, which is 0.5% less than the corresponding figure for the fourth quarter of 2019 (Destatis, 2022). It is worth examining the dynamics of Germany's trade with the U.S. and the PRC, its main foreign trade partners. Comparing the 2019, 2020, and 2021 values, the following conclusions can be drawn. In 2020, trade with the U.S. decreased by 9.92%, while trade with China increased

by 3.48% (BMW, 2022). This was primarily due to a 6.65% increase in imports from China in 2020. Thus, China, despite the negative consequences of the COVID-19 pandemic, has become Germany's main trading partner, pushing the United States into second place.

If one considers separately Germany's exports and imports with these countries, the picture looks as follows. In 2020, compared to the previous year, there was a drop in exports to both the United States (by 12.81%) and China (by 0.15%). But if when comparing 2019 and 2021, the figure rose: with the U.S. by 2.86%, with China by 7.98%. Speaking of imports, in 2020, comparing with 2019, there was a 5.1% drop in imports from the U.S., while there was a 6.65% increase from China. However, comparing imports for 2019 and 2021, a similar situation to exports can be observed: imports from 2019 to 2021 from the US increased by 0.95%, and from China increased by 28.84%. The situation in the new lands Considering the impact of the COVID-19 pandemic on old and new lands, the following conclusions can be drawn. The economic decline in the new lands was less than in the old lands.

In 2020. GDP decreased by 5.1% in the old lands and by 4.0% in the new lands compared to the previous year (BMW, 2022). There was a decrease in the export quota: by 1.0% in the new lands (to 23.7%) and by 2.9% in the old lands (to 28.1%) (BMW, 2022). One of the main reasons for this is different infrastructure (the old lands are more export-oriented, which suffered significantly back at the beginning of the crisis). On the labor market, however, the COVID-19 pandemic has caused more negative effects in the new lands. Thus, the unemployment rate in 2020 was 7.3% in the new lands (0.9% higher than in 2019) and 5.6% in the old lands (0.9% higher than in 2019)

Anti-crisis measures of the Federal Government. The role of regional authorities. On March 23, 2020. The federal government has adopted a financial aid package of about 750 billion euros. It includes the following measures to cope with the effects of the COVID-19 pandemic, both for large enterprises and for small and medium-sized businesses, as well as the self-employed and free-lancers:

- Creation of the Economic Stabilization Fund (Wirtschaftsstabilisierungsfonds (WSF) des Bundes);
- Direct subsidies (Soforthilfe/ direkte Zuschüsse) for small businesses, the self-employed and free-lancers (about 4.2 million people) (SBE, 2022);
- Indirect subsidies;
- Part-time transfer of employees (Kurzarbeit).

The Economic Stabilization Fund, which amounts to 600 billion euros, is aimed at supporting liquidity primarily of large companies in the real economy. There are two main instruments of assistance: state loan guarantees (up to 400 billion euros) and recapitalization aimed at increasing equity (up to 100 billion euros). Another 100 billion euros are earmarked for a special program of the state development bank Kreditanstalt für Wiederaufbau (KfW-Sonderprogramm), which will be described below (BMW, 2022). Direct subsidies are available as part of the emergency assistance program (Soforthilfen). Self-employed people and businesses with up to 5 employees can receive a lump sum payment for three months up to a maximum of €9,000, up to 10 employees €15,000. The total amount of the program is 50 billion euros (Bundesministerium der Finanzen Energie, 2022).

It should be noted that similar assistance packages can be adopted at the level of the federal states. In addition to this program, payments to small businesses, self-employed people and free-lancers are carried out within the framework of two assistance programs - Neustarthilfe and Neustarthilfe Plus. The first program operated from December to June 2021 and included a lump sum payment equal to 25% of the turnover for the same period in 2019 (maximum possible payment of 5,000 euros). The second program consists of two funding periods, July to September and October to December. The payout is 50% of the three-month benchmark income for each of the two periods and is based on the annual income for 2019, but cannot exceed €4,500 (KfW, 2022).

Speaking of indirect subsidies, one should mention preferential taxation and preferential credit. According to the government decree of March 19, 2020, companies are granted a tax deferral and a preferential tax adjustment in the future (Bundesministerium der Finanzen, 2022). As for preferential lending, the KfW Sonderprogramm is worth mentioning. It aims to help businesses affected by the COVID-19 pandemic and not experiencing any serious financial difficulties until December 31, 2019, and includes a reduction of interest rates by the German state bank KfW and a simplified borrower verification procedure for loans of up to 3 million euros. It is also indicated that KfW will assume 90% of the risks. To avoid layoffs, employers can resort to transferring employees to part-time work (Kurzarbeit) if 10% of employees are not loaded.

In this case, employees will receive the so called reduced hours allowance (Kurzarbeitergeld, KUG), financed from the state budget. The amount of the benefit is 60% of the wages lost due to reduced working hours for childless workers and 67% if there is a child in the family. The maximum payment period is 12 months. In August 2021, 760,000

workers received this benefit (ANBA, 2022). Since the pandemic began, the number of people receiving this benefit peaked in April 2020 (6,006,765) (Ifo, 2022). At the state level, measures are also being taken to deal with the effects of the crisis. Bavaria and Berlin have been the largest contributors.

In Bavaria, for example, a €10 billion fund was created in 2020 to buy stakes in companies whose financial situation is at risk (Bayern, 2022). In Berlin, as part of the first aid package in March 2020 alone. As part of the first bailout package in Berlin alone, 144,000 self-employed people received €1.4 billion in financial support through the city's investment bank. The results of the bailout were as of December 14, 2021, a total of 129.4 billion euros in bailout funds. As a percentage of GDP, this is one of the highest figures in Europe: Germany (38%), Italy (20%), UK (16%), France (14%), the US (12.4%). Such spending is justified. According to a representative survey conducted in Germany in December 2020, 76% of German residents say that the economic crisis has had "no" effect on their financial situation (or only a "slight" effect). Such statistics are unusual because economic crises are usually accompanied by a drop in income. Much of the credit for these results belongs, according to A. Krautscheid, executive director of the Federal Association of German Banks, to the program of state anti-crisis measures: "The state reacted quickly and correctly to the coronavirus-induced crisis in the spring."

The most vulnerable groups in society, such as pensioners and workers in the industries most affected by the crisis, "suffered virtually no financial losses" (Deutsche Welle, 2022). However, financial aid alone cannot fully offset the socio-economic consequences of the COVID-19 pandemic. The German economy is strongly export-oriented, so it is greatly affected by the problem of supply interruptions in global value chains. How quickly the German economy recovers will largely depend on the solution to this problem. Forecasts for the future Speaking about forecasts for Germany's economic recovery from the effects of the COVID-19 pandemic, they became increasingly pessimistic as events unfolded.

According to the statement of the Federal Minister of Economics and Energy P. Altmaier, made during a press conference on October 27, 2021, in 2021 German GDP will grow by 2.6%, and in 2022, the index will increase by 4.1%. In April this year, experts were more optimistic about the expected GDP growth in 2021. At that time they expected a growth of 3.5% in 2021 and 3.6% in 2022 (Welt, 2022). Based on the available statistical data, the author can conclude that Minister P. Altmaier's forecast for 2021 was quite accurate -

German GDP grew by 2.9% compared to the previous year. It was expected that the economic recovery would depend on the recovery of exports, primarily due to the revival of the US and Chinese economies and the solution of the supply problem within the framework of global value chains.

However, the competence of the new German government in building relations with China, in which there are many contradictions, is questioned. The greatest concern among the German population is the increase in foreign borrowing and the resulting growing national debt (53% of those surveyed consider this to be the main danger for the future) (R+V, 2022). The reason for this "popularity" is the possibility of further tax increases and a reduction of social aid, which will cover the national debt. At the moment, the federal government is trying not to comment on this topic in any way, which is not surprising: Parliamentary elections were held in the fall of 2021 and there was no political advantage to publicly discuss this problem.

Another reason for fear is natural disasters and the fear of climate change. The floods of July 2021, which were the most devastating in the history of the Federal Republic of Germany, showed German residents the scale of the problems: In Germany, 41 percent of those surveyed feared a possible disaster. Finally, the third place was taken by the migration problem: 42 percent of the respondents fear that the country will not be able to cope with the new influx of refugees. Problems of the new government On December 8, 2021, a "red-yellow-green" coalition was formed in Germany (SPD, Union-90 / The Greens, FDP), Olaf Scholz became chancellor. The main priority of the new government is to achieve the goals of the Paris climate agreement. In this connection, there is a sharp "green" bias in the economic development plans: refusal to use coal by 2030; increasing the share of renewable energy sources in power generation to 80%; fight for not increasing the level of global warming above 1.5 degrees. "Nord Stream-2, which was fiercely criticized by the Greens during the election campaign, is not mentioned in the Coalition Agreement at all.

The test of the new government began three months after its election. With the start of Russia's special military operation in Ukraine on February 24, 2022 and the subsequent Western sanctions, to which Germany has also joined, the FRG is faced with a sharp rise in commodity prices, supply shortages and uncertainty about further economic development. As a consequence, experts do not make the most positive development forecasts. For example, the Munich Institute for Economic Research (Ifo) offered two scenarios: basic and

alternative. According to the first one, the unfavorable conditions are temporary and the GDP will grow by 3.1% in 2022 (compared to 3.7% forecasted earlier) and by 3.3% in 2023.

The alternative scenario assumes continued hardship for half a year, with GDP expected to grow by 2.2% in 2022 and 3.9% in 2023. The socio-economic consequences of the COVID-19 pandemic are distinctly negative in nature. The fall of GDP in Germany in 2020 was 4.6%, while in 2021 growth was significantly lower than expected - 2.9% of GDP. The forced renunciation of the "Black Zero" policy resulted in a new state budget deficit, and national debt reached 68.7% of GDP in 2020 and 71.4% in 2021. On the labor market, unemployment rose markedly despite the federal government's attempts to mitigate the negative effects of the pandemic - the annual average was 5.9% in 2020 and 5.7% in 2021. In the initial period of the pandemic, exports fell by 21.28% and imports by 19.64% in the second quarter of 2020. In the third quarter of 2021, however, the situation has changed for the better, and foreign trade figures are only marginally different from pre-crisis levels.

In the European Union (EU), Germany leads not only as the country leading this integration association, but also, above all, as a leader in industrial production and high technology. Today Germany accounts for 21% of the GDP of the EU, and 16% of the EU population live and work on its territory. One of the reasons for such confident development is a high degree of economic diversification, which reflects a balanced approach to the comprehensive development of all spheres of economic activity (Volodin, 2010).

This is evidenced by the analysis of German statistical data presented in Table 1.

Table 1, German economy performance in 2019-2022

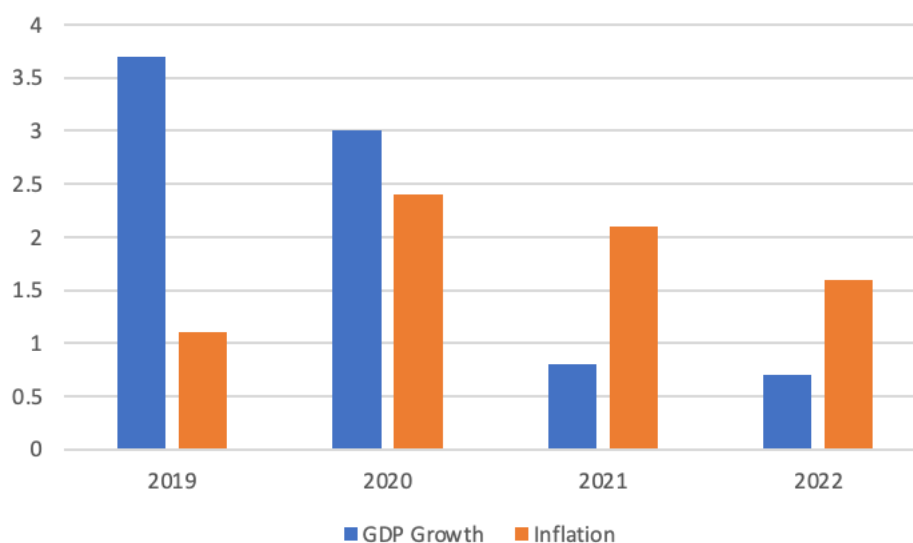
Indicator	2019	2020	2021	2022
GDP growth (real), %	3.7	3.0	0.8	0.7
GDP (nominal), billion euros	2 498.8	2 592.6	2 643.9	2 738.0
GDP per capita, euros	36 033	38 077	39 028	39 993
Inflation index, %	1.1	2.4	2.1	1.6

Source: own processing based on German Statistical Office, 2022

As can be seen from the analysis of the data in Table 1 in 2019-2022 there is a stable growth of Germany's GDP, reduction of inflation growth, as well as positive growth of trade turnover of Germany with foreign countries on export and import transactions, which is

visible in Figure 1. Germany's foreign trade policy is dominated by export transactions in 2019-2022. German goods in the global market hold leading positions in exports to all countries, they arouse consumer confidence due to the high quality and compliance with global standards, because the author is talking about innovative competitive products of the highest quality (Atabaeva, 2013).

Figure 1, GDP growth (real) and inflation



Source: own processing based on German Statistical Office, 2022

Not surprisingly, Germany's average export quota has been 35.1% since 2000. The export quota reached a temporary high of 41.5% in 2021. The same year, 2021, saw a maximum German export record, with exports amounting to 1,097.3 billion euros. At the same time, imports also reached an absolute maximum, amounting to 914.2 billion euros. Table 2 shows the main indicators of German foreign trade in 2019-2022.

Table 2, Germany's foreign trade performance in 2019-2022, billion euros

<i>Fore ign trade</i>	2019	<i>Chan ge, %</i>	2020	<i>Chan ge, %</i>	2021	<i>Chan ge, %</i>	2022	<i>Chan ge, %</i>
Impo rt, billion EUR	801. 4	20	908	13.3	914, 2	0,68	896	-2.0
Expo rt, billion EUR	952	18.5	1 061.2	11.5	1 097.3	3,4	1 094	0.3
Bala nce, billion EUR	150. 6		153. 2		183. 1		198	

Source: own processing based on German Statistical Office, 2022

The value of the trade balance is close to the 2nd highest recorded mark (+198 billion euros). Germany's main trading partners include not only European Union countries such as France, Great Britain, Italy and the Netherlands, but also a number of developed countries from other continents, including the United States, China, Russia and Japan. Of its total exports, 69% go to European countries, with exports to the EU accounting for 57% of the total.

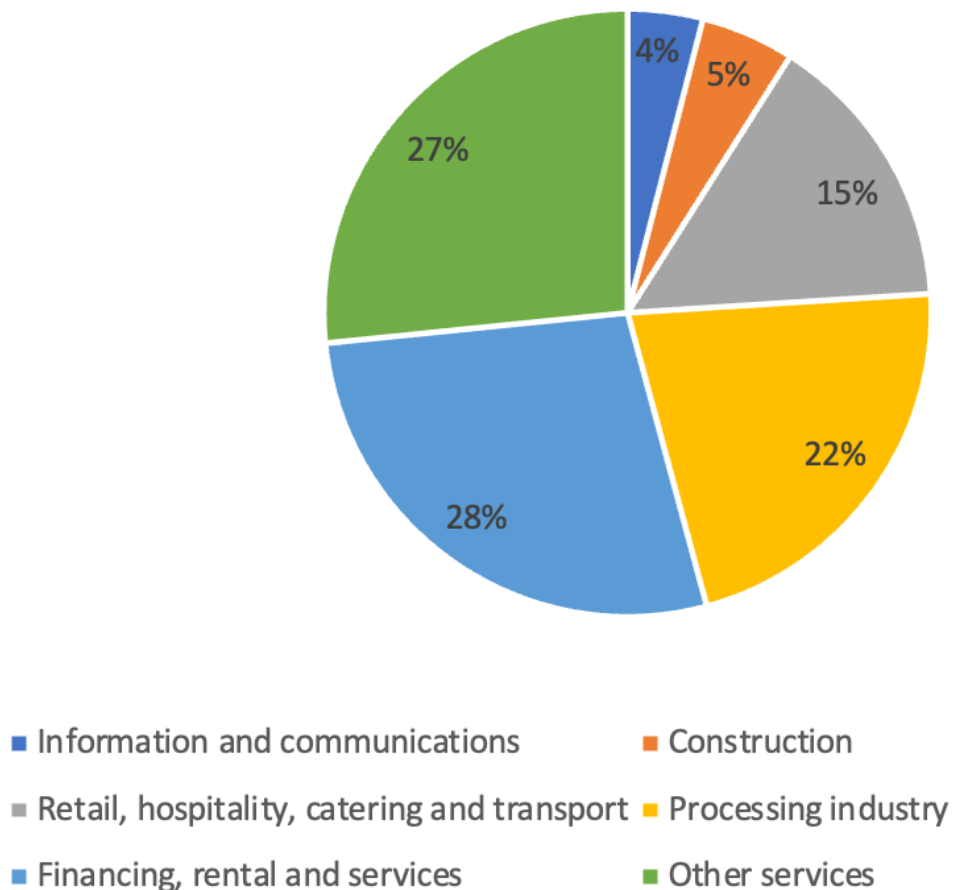
Germany exports 15% of its exports to Asian countries, and approximately 10% to North and South America. In foreign markets, consumers show high demand for German products of the automotive industry, mechanical engineering and machine tool industry, and the chemical industry (Andreeva, 2014). The main share in the volume of export operations traditionally belongs to the following kinds of goods: products of general and special engineering industry - 31.8%; motor vehicles - 20.4%; chemical products - 17.9%.

The commodity structure of German imports in 2022 demonstrates a wide range of imported goods, among which the leading positions are taken by: chemical products - 15.7%; fuel - 14.8%; mechanical equipment, machinery and computers - 12%; vehicles - 11%. It should be noted that the share of electrical, television and radio equipment is also high (10.7%); metal products (8.3%); and foodstuffs (7.5%). A comparison of the structure of

imports and exports of the German economy allows one to conclude that there is a balanced flow of goods needed, on the one hand, for domestic consumption and, on the other hand, supplied to meet the demand of consumers in other countries.

It is precisely Germany's developed industry that allows it to actively export its products to foreign countries, thereby ensuring the prevalence of export operations over import (Kuzyk, 2007). It should be noted that German companies account for 10% of the total number of industrial enterprises in Europe, and they account for 27% of the total EU turnover in this industry. Figure 1 shows the structure of GDP produced in Germany in 2022 by sector. The main shares of German GDP for the period 2022 are processing industry (21.8%), business services, financing, and renting (27.6%).

Figure 2, Germany's Gross Domestic Product in 2022 by sector, %



Source: own processing based on German Statistical Office, 2022

It is in Germany that the main volume of industrial production is produced, and it is one of the highest indicators in Europe, since more than 90% of the industrial structure of

Germany is made up of manufacturing industries focused on the application of innovative technologies (Patrick, 2009). Today the engine of innovative development of the German economy is the aerospace industry, automotive industry, oil refining, alternative energy, medicine and biotechnology (Ivanova, 2021).

Comparing the effects of the COVID-19 pandemic on old and new lands, one can conclude that the former was more affected due to the predominantly export-oriented enterprises located there. To combat the effects of the crisis, the Federal Government adopted a large package of measures aimed at helping large, medium and small enterprises, the self-employed and free-lancers. It included the creation of an Economic Stabilization Fund, direct and indirect subsidies, and the transfer of employees to part-time work. At the state level, they also adopted their own assistance programs. Bavaria and Berlin were the leaders in terms of funding. The future of the German economy is uncertain and largely depends on solving logistical problems in international value chains.

A new factor of uncertainty is the fate of Russian gas supplies after the decision to convert payments to rubles. Anxiety about the country's future economic development worries not only analysts and the government. Ordinary citizens are concerned about how the federal government will deal with the growing national debt. Fears are growing that new taxes and cuts in social assistance will be introduced to do so.

4.2 Organization of the Export Support System in Germany

Since 2019, Russia has been implementing the national project "International Cooperation and Export", which sets ambitious goals for the development of national exports, profound changes in their structure and support priorities. In particular, it has set an overall target of real growth of exports of non-resource and non-energy goods by at least 70% by 2030 compared with 2020. Despite the challenges of the pandemic, it can be stated that significant results have been achieved in some areas of implementation of the National Project. For example, the volume of agricultural exports in 2020 amounted to more than 30 billion U.S. dollars.

The obtained results became possible due to the reform of the system of support to national exports. The tasks of creating a unified system of export promotion are fixed in the passport of the federal project "System measures for the development of international cooperation and exports" and provide, among other things, for modernization of Russian trade missions in foreign countries. In order to improve the organizational structure of

support to national exports, the institute of trade representations was transferred from the Ministry of Economic Development to the Ministry of Industry and Trade.

At present, the Ministry of Industry and Trade of Russia in cooperation with the Russian Export Center JSC (REC JSC) is forming a unified system of support to exports, the main element of which is the creation of project groups to support exports in the structure of RF trade missions abroad (which include both regular employees of trade missions and representatives of REC JSC). Other significant directions of the reform include the development of digital services of REC JSC for exporters: first of all, the "one-stop-shop" information and service system, where all government services accompanying the export of domestic companies are aggregated on a single digital platform. The study of foreign experience in organizing export activities is an important component of the process of reforming domestic institutions, as it allows a fresh look at the existing management models and efficiency assessment of projects and programs being implemented. The system of support to export activities of the Federal Republic of Germany for decades keeps its leading positions in the region (Ivanova, 2021). The study of German experience in organizing foreign economic activity has repeatedly attracted attention of domestic researchers. The works of V.B. Belov, A.I. Ivanova deserve great attention.

German exports have also been the focus of such researchers as R. Arafat, I. Hauswirth, K. Müller, W. Ramsteck, and N. Schultes. The situation with COVID-19 literally "tested the efficiency of the system of support for German export activities. As V.B. Belov notes, "as a result of the consequences of the pandemic, the German economy has fallen into one of the deepest recessions in decades. Germany's foreign trade balance in 2020 remained positive, but amounted to only about 180 billion euros. Overall, the available instruments to support foreign economic activity in Germany have demonstrated their resilience to the shocks caused by the rapid spread of the new coronavirus infection.

Thus, according to the Federal Statistical Office, German exports in August 2021 increased by 14.4% over the same period last year, reaching 104.4 billion euros. The main trading partners of Germany were the EU countries, where goods worth 55.7 billion euros were delivered (15.7% more than in August 2020). The volumes of recovery of indicators demonstrate the sustainability of the current export support system, although, of course, the favorable global economic environment also plays a major role. Researchers distinguish financial and organizational (functional) measures of support to foreign trade activity in the Federal Republic of Germany (Belov, 2015). At the same time the policy of

internationalization of business is aimed, among other things, at the support of "mittelstand" - small and medium-sized businesses. State mechanisms the general coordination of support to export activities is carried out by the federal government through the Ministry of Economics and Energy (BMWi).

All export-oriented enterprise support programs are united under the umbrella brand Mittelstand Global. The general support program for developing new markets covers SMEs in all economic sectors and additionally offers funding priorities in four key sectors: energy, environmental technology, health care, and civil safety technology. The support measures within specific export initiatives and the general market development program are divided into modules that can be used individually or in combination.

They include (1) informing - selection of the target market; (2) research - comprehensive information about the target market; (3) presentation - offer of goods and services; (4) contacting - negotiations with potential business partners. It should be noted that the abovementioned tools are mainly of a consulting and marketing nature, but for SMEs, which often do not have powerful analytical services, this kind of support is in demand and relevant. The participation of German companies and enterprises in selected trade fairs and exhibitions abroad is an important area of export promotion. The selection of events is made jointly with the BMWi and the German Business Fairs and Exhibitions Committee. Based on the priorities of SME export support, one of the effective tools here is the program of foreign trade fairs, which involves the creation of a single "German Pavilion" under the umbrella brand "Made in Germany". Another example is the program of fairs for young innovative companies. In its frameworks, companies are eligible to receive funding in accordance with certain criteria: they must be small enterprises by the EU definition (less than 50 employees and annual turnover or total balance sheet of no more than 10 million euros) and exist for less than 10 years.

In addition, BMWi promotes the exports of German companies by supporting their participation in foreign tenders by German agencies and international organizations (the United Nations, the World Bank, and regional development banks). BMWi thus uses consulting (information and analytical), organizational (participation in exhibitions and tenders), and direct financial support measures to promote SME export activities. As a result, a comprehensive system of support and development of foreign trade activities focused on the needs of small and medium-sized business has been formed. Thus, A.K. Ivanova notes: "In 2003 a program "Pro Mittelstand" was launched at the federal level designed, among

other things, to simplify access of business to all structures of FEA (foreign economic activity - auth.), develop a system of Foreign Trade Chambers (foreign trade chambers - auth.), increase availability of information...

A decade later, in 2013, researcher P. Kranzusch cited data that more than two-thirds of the surveyed small and medium-sized companies consider the conditions created in Germany favorable for internationalization. The consultative-advisory system Another key area of assistance to German exports is the focus on "grounding" bilateral economic cooperation through the creation of a system of consultative and advisory bodies. These include, among others:

- (1) intergovernmental commissions and working groups on economic cooperation;
- (2) business councils and business forums;
- (3) high-level German advisory groups;
- (4) individual BMWi initiatives within the framework of macro-regional development.

The common task of these advisory bodies and working groups is to ensure the promotion of German companies' foreign trade policies locally. For example, joint intergovernmental economic commissions, councils and working groups on economic cooperation within the framework of bilateral intergovernmental commissions are active today.

In the sphere of Russian-German relations there is the Russian-German Working Group on Strategic Economic and Financial Cooperation (SWG), established in 2000 at the initiative of the President of the Russian Federation and the Chancellor of the Federal Republic of Germany. From the Russian side it is part of the structure of the so-called Intergovernmental Commissions on Trade, Economic, Scientific and Technical Cooperation (IGC). It consists of four subgroups:

- 1) modernization and industrial capacity;
- 2) energy efficiency and renewable energy sources;
- 3) banks and financial services;
- 4) dual education.

Among examples of the work of this commission is the implementation within the subgroup "dual education" of the joint German-Russian program of management training for organizations of national economy of the Russian Federation (German Managerfortbildungsprogramm), which has been operating since 1998. Its description is available on the official

website of the German Society for International Cooperation. In addition to these advisory bodies, Russian-German economic council was also created on December 11, 2020. Its composition is similar to the GEC, although it does not duplicate it. Top managers of various German companies in Russia are represented in the Council. On April 14, 2021, the second meeting of the Council was held in the online format. Economic associations and business forums play an important role in supporting export activities. They include the Latin American Committee of the German Economy and a number of similar ones in other regions (Asia-Pacific, Africa, and the Eastern Committee of the German Economy).

The latter plays a major role in foreign trade policy with regard to the Russian Federation, as well as in lobbying the interests of big business. The Committee regularly holds meetings of its members with the President of the Russian Federation (Meeting with representatives...). In the same direction work and advise on economic reforms in post-Soviet countries (Belarus, Georgia, Moldova, Uzbekistan, Ukraine) and special high-level advisory groups, united under the umbrella brand German Economic Team (Aktuelle deutsch-georgische...), actually performing the functions of economic advisers to the governments of these countries. Export credit insurance A special role among support measures during the COVID-19 pandemic is played by export credit guarantees and export credit insurance provided by the largest private credit insurance company in Germany, Euler Hermes AG (Fischer 2020).

Within the framework of its powers it (Exportkreditgarantien der Bundesrepublik...) independently makes decisions on granting insurance coverage. On the basis of processing of the corresponding application from the exporter or the financing bank for granting state export guarantees, employees of the organization prepare a report, which is sent to the Interministerial Committee on Export Credit Guarantees (The Interministerial Committee, 2020). Then members of the Committee on the basis of consensus make positive or conditionally positive decision or reject the application. In 2020. The federal government provided export credit guarantees worth EUR 16.7 billion (Ministry of Economics of the Free State of Bavaria, 2020). Most of these funds went to emerging and developing countries, which accounted for 80.4 percent of total guarantees. Among them are projects in such countries as Russia, China, India, Turkey and Indonesia, as well as in new countries (in terms of investments) such as Honduras, Iran and Morocco. Indirect forms of support The German Society for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH - GIZ) indirectly supports exports. Its projects include the

participation of German companies in foreign public procurement, as well as the ExpertTS program.

It involves the work of GIZ specialists in foreign chambers of commerce (AHK, Auslandshandelskammer), contributing to the emergence and implementation of new projects in the field of sustainable economic development, mainly in developing countries. There are many examples of such projects: e.g., the comprehensive Make-IT in Africa initiative to promote technology entrepreneurship and innovation ecosystems in Kenya, Ghana, Nigeria, and Tunisia; the creation of green innovation centers in the agricultural and food sector in Vietnam; building a sustainable ecosystem for technology enterprises in Iraq; introducing health insurance in India; helping the Brazilian Forest Service to introduce a digital environmental registry.

Other successful examples include pilot projects in the field of energy conservation and the introduction of alternative and renewable energy sources for technicians and representatives of state and regional authorities in developing countries. The most comprehensive and ambitious of these programs is the "Marshall Plan for Africa" (Der Marshallplan mit Afrika...). Foreign representations - "three pillars" of support to German exports A distinctive feature of Germany's system of foreign representations is the division of responsibility between the public and private sectors, rooted in the concept of the "three pillars" of support to foreign economic activity. The pillars are understood as "three types of organizations, which allow providing effective support of foreign economic activity by means of division of their information functions".

The concept emerged in 1971 as a result of the work of the Foreign Service Reform Commission chaired by Hans von Herwart (who headed the Office of the Federal President). Since its formation, this system has not undergone significant changes (Hauser, 2006). In general, the export support infrastructure "has evolved ... on the basis of a wide range of forms of business self-organization, rapidly developing mechanisms of legalized economic lobbying, and the involvement of organized business in advisory activities" (Ivanova, 2021). The "three pillars" today include:

- 1) Germany Trade and Invest - Gesellschaft für Außenwirtschaft und Standortmarketing gmbH (GTAI);

- 2) Chambers of Commerce (AHK), operating as public organizations (and receiving funds from the contributions of member companies) with limited public funding (co-financing of individual programs);

3) diplomatic representations (embassies and consulates).

The federal states always have an overlapping "three pillars" structure at the regional level 1 (the function of the ANC in this case is transferred to the territorial chambers of commerce and industry - INK). The first pillar, GTAI - the successor of the Federal Agency for Foreign Trade (Bundesagentur für Aussenwirtschaft, BFAI) after its reorganization on January 1, 2009 is a limited liability company (GmbH), fully owned by the Federal Government in the form of BMWi. GTAI's main function is informational and analytical (Ramsteck 2009). In general, GTAI offers four categories of services: export promotion, investor consulting (so-called "location marketing") and promotion of the "new federal states" (former GDR). The second pillar is the AHK - Chambers of Foreign Trade (GTAI).

They are bilateral business associations in the partner countries of the Federal Republic of Germany with a number of key functions, among them "representing the interests of their members in the Federal Republic of Germany and in the host country, the interests of the German economy in the partner country, providing services for companies and informing the members of the association about the state of the economy and economic relations". In Germany the AHKs are united and coordinated through the Association of German Chambers of Industry and Commerce (Deutscher Industrie- und Handelskammertag e.V., DIHK), cooperate closely with the territorial Chambers of Industry and Commerce (IHK), which represent their members at local authorities and at state level, carrying out a number of administrative functions as well.

This is the key feature of the German export support system - the functioning of a unique network covering almost all countries of the world at the same time and uniting almost all German companies on the territory of Germany. Considering that the DIHK, through foreign trade and territorial chambers of commerce and industry, conducts the so-called conjuncture surveys (aimed at identifying business expectations), one can conclude that it is here that the relevant information about the current state of German business and its demands is accumulated. Thus, IHK, ANK and DIHK form a flexible and developed structure aimed both at identifying and taking into account the needs of exporters at all levels as well as at providing comprehensive support for their activities. The third pillar is trade departments in diplomatic missions.

This network of embassies and consulates in more than 220 countries is responsible for advising federal agencies on foreign trade policy. They are particularly important in countries where there are no AHK or GTAI offices. One of their main functions is to establish and intensify contacts between German business and representatives of the political and business elite in the host country. The authorities in the host country are usually more accessible to them because of their status. The analysis allows us to point out the following strengths of the German export support system:

1) decentralized nature, despite the high level of coordination by the authorities. In fact, it is public and quasi-autonomous structures (GTAI, AHK, the Eastern Committee of the German Economy) which provide a considerable volume of consulting and marketing researches, conduct negotiations of various levels, thus correcting the information asymmetry of the market - the economic reason for the existence of export support institutions (Hauswirth, 2007);

2) the formation of a "dual structure" of support for foreign trade activities: on the one hand, a system of government and financial institutions, covering all levels, from the grassroots (ministries and departments) to the political (intergovernmental commissions); on the other hand, a system of private organizations - from foreign trade chambers to economic associations and business forums;

3) The existence of a long and successful experience of supporting foreign trade activities, which ensured the selection and consolidation of the most effective tools and mechanisms of export promotion;

4) the allocation of key industry areas (construction and infrastructure; energy, etc.) export-oriented SMEs, which receive priority funding and organizational support under the umbrella brand Mittelstand Global;

5) Allocation of key macro-regions to promote the interests of German companies, the formation of the necessary infrastructure to promote export activities;

6) the use of banking instruments to support exports, in particular export credit insurance, which became especially important and in demand during the COVID-19 pandemic;

7) Ensuring coordination and interconnection of export support institutions at all levels: not only economic instruments are used to promote German goods and services, but also political lobbying, consulting and other mechanisms of interaction with foreign partners.

In particular, such German organizations as the AHK and the Eastern Committee of the German Economy carry out a single coordinated policy, working in close coordination with the Foreign Ministry of the Federal Republic of Germany, being, in essence, instruments of economic diplomacy. Within the framework of further development of Russian exports, taking into account the international experience, it seems advisable to ensure an increase in the efficiency of interaction between institutions of the central and foreign tier of the system of support to this process with its regional component (structures in the subjects of the Russian Federation), as well as with chambers of commerce and industry at the federal, regional and municipal levels of the Russian Federation.

Besides, it is necessary to continue work on improvement of preparation of the interested Russian companies to foreign economic activity, including by realization of corresponding educational programs of applied character, development of relevant analytical services on the country and branch markets for exporters. Another important task is to improve the system of support for Russian market participants in exhibition and fair activities abroad.

4.3 German Foreign Trade Structure

Germany is one of the leading players in the global economy and Europe's largest economy. It is difficult to overestimate the role Germany plays in world trade, the country is the second exporter after China (exports in 2022 were \$1,576 billion) and the third importer after the United States and China (imports - \$1,104.6 billion) (WTO, 2018). There are a number of factors that have a favorable impact on strengthening Germany's position in world trade. First of all, the economic and geographical position of Germany is extremely favorable for the development of foreign trade. The country is located in the center of the most economically developed region of Europe, where the largest trade and transport arteries of global importance converge. All the most important trade routes connecting Western and Eastern Europe pass through Germany. The country has access to the North Sea and Baltic Sea, which also contributes to strengthening trade and economic ties. As you know, Germany is a highly developed industrial country.

At the same time, the state is not too rich in mineral resources (only hard coal, lignite, and potassium salts can be noted). However, it was the scarcity of natural resources that gave rise to the famous German thriftiness and determined the country's specialization in industrial production and the development of knowledge-intensive sectors of the economy. Industrial production in the country has reached a very high level of development, Germany is ranked among the world technological leaders. It is the main producer of engineering products and the leading exporter of machinery and equipment among EU countries. Germany can be called the undoubted leader in the global automotive industry. Speaking about Germany's foreign economic activity, it is necessary to say that the country was one of the initiators of the European Economic Community in 1957 (today - the European Union) and currently advocates the deepening and expansion of international economic integration on the European continent. Now the EU is the most developed integration grouping in the world, which managed to pass all four stages of international integration. Foreign trade is one of the most dynamic sectors of the economy of the Federal Republic of Germany, the stimulator of its economic growth.

According to data from the German Federal Statistical Office, the German foreign trade turnover with foreign countries in 2022 increased by 6.5% compared to 2021, reaching a value of 1,541.9 billion euros compared to 1,450.2 billion euros a year earlier. The trade balance is still positive for Germany at €91.7 billion. Total German exports to third countries rose by 5.4 percent to 931.6 billion euros during the reporting period. Imports have also continued their upward trend since 2009, with imports up 7 percent in 2022 compared to the previous year.

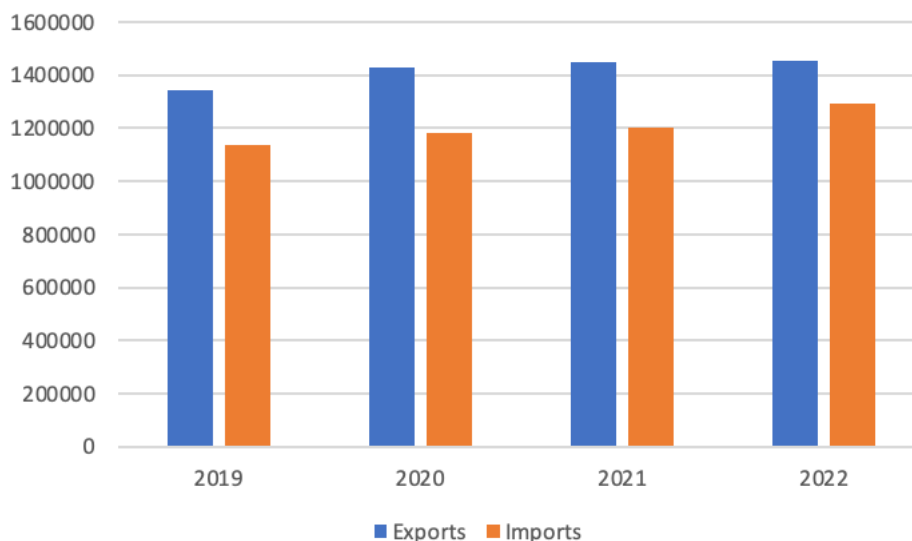
Table 3, Export and Import indicators on 2019-2022

	2019	2020	2021	2022
Exports (millions of national currencies)	1 341 314,00	1 428 688,00	1 450 232,00	1 541 898,00
Imports (millions of national currency)	1 137 835,00	1 184 550,00	1 202 764,00	1 294 106,00

Source: own processing based on German Statistical Office, 2022

According to the data of Table 3 and Figure 3 it can be concluded that the indicators of exports and imports retain the growth trend for a very long period (IMF, 2018). Table 1 shows the data for the last 10 years, the lowest indicator was observed in 2009, it was due to the global economic crisis, and it should be noted that in this period the economic indicators of all decreased.

Figure 3, exports versus imports



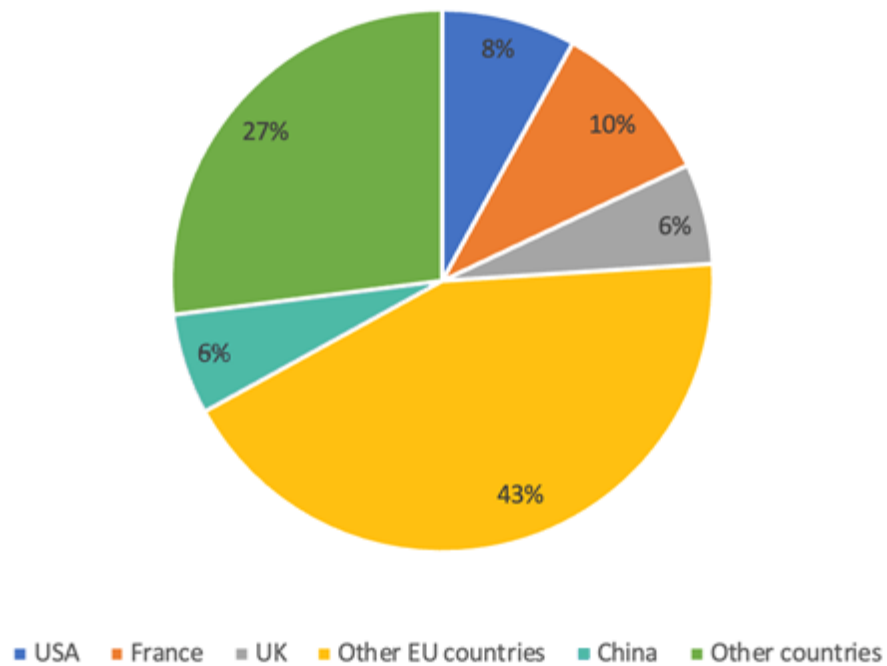
Source: own processing based on the German Statistical Office, 2022

Exports and imports have remained positive for a long period of time, with only two declines since 2000.

Germany's main trade partners are France, the United States, Great Britain, the Netherlands, and Italy (Financial Times Deutschland, 2022). These five countries account for more than 40% of German trade turnover, with France alone accounting for more than 10%. Germany is one of the main trading partners of Russia, accounting for 10-12% of Russian trade turnover. In Germany's total trade turnover, Russia accounts for only 2% of its foreign trade (1.8% of German exports and 2.5% of German imports). The main export destinations of the FRG in 2022 were the United States, France and the United Kingdom, with a total share of 23.7%. In monetary terms, exports to these countries exceeded \$220.8 billion. THE COUNTRY'S EXPORTS TO THESE COUNTRIES EXCEEDED \$220.8 BILLION IN MONETARY TERMS.

Germany has taken full advantage of Europe's single economic space, supplying 58% of its products to the European Union and 68% to Europe. The Asian market accounts for 17% of exports, of which China accounts for 6.4%. The U.S. market takes 12%, where the U.S., the largest importer of German goods, has a share of 8.9%. The smallest share of exports is Africa - 2%, Australia and Oceania - 0.8%.

Figure 4, destination of German exports in 2022



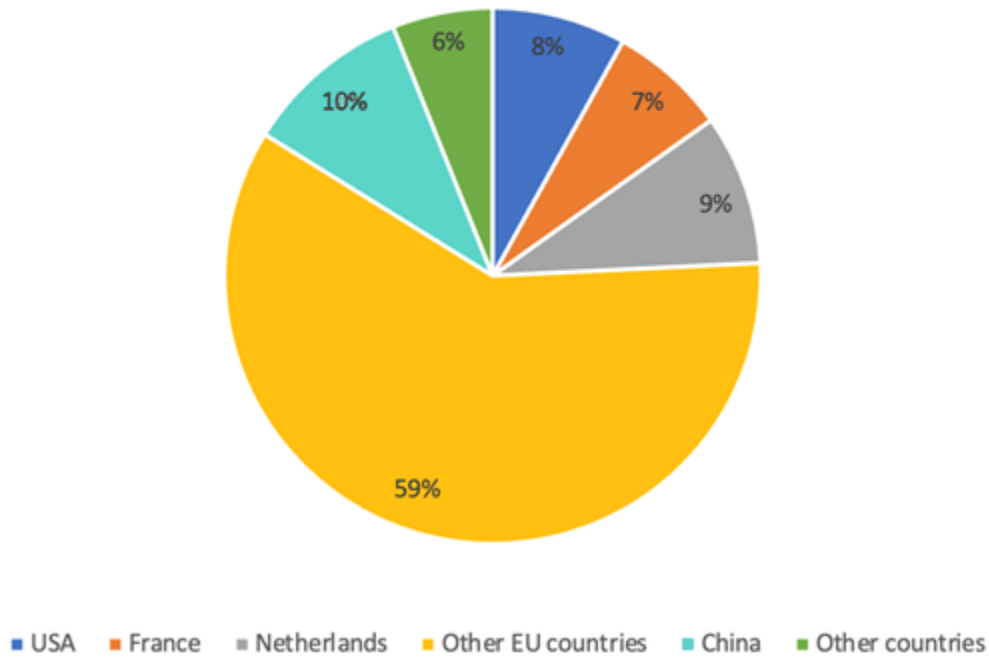
Source: own processing based on Financial Times, 2022

The top three suppliers to the Federal Republic of Germany are China, the Netherlands, and France.

The combined share of these three countries in FRG imports was 24.6%, or \$185.2 billion. The share of these three countries in Germany's import was 24.6% or \$185.2 billion. Germany buys most of its goods from European countries, which account for about 71%, with some of the products coming from German concerns. For example, Britain and the Czech Republic are the biggest suppliers of cars to Germany, because Volkswagen and BMW operate in these countries. Asia accounts for 19% of Germany's imports. Here, China accounts for 10.3% - it is the first country in terms of volume of products purchased. Asia has become a major supplier of electronics, both finished products and components. America

takes 8% of the country's imports, Africa gets 2%, and Australia and Oceania 0.3% of the market (Trading economics, 2022)

Figure 5, origin of imports in 2022



Source: own processing based on Financial Times, 2022

In the EU, Germany is the leader in industrial production and high technology. Today Germany accounts for 21% of EU GDP, and 16% of the EU population live and work on its territory (Destatis, 2022). Among the reasons for stable development are economic specialization and the country's position in international trade. Germany's specialization can be analyzed by the structure of its exports: automotive, general machinery, chemicals, and electrical goods account for the largest share (Table 4). German companies rank first in exports of finished chemical products (17%). Participation in international trade in general engineering products reflects the state of product competitiveness.

Table 4, Germany's export structure in 2022

The most important sectors of German exports	Export volume, million euros	Share of the industry in the structure of exports, %
Motor vehicles and spare parts	229 688	17,4
Machines	193 192	14,7
Chemicals	117 686	8,9
Data processing equipment, electrical and optical products	115 628	8,8
Electrical equipment	87 777	6,7
Pharmaceutical and similar products	83 616	6,3
Other vehicles	60 391	4,6
Metals	56 611	4,3
Food and feed for animals	53 191	4,0
Rubber and plastic products	46 741	3,5

Source: own processing based on German Statistical Office, 2022

Consequently, the author proceeds to the calculation of Balassa index according to formula (1) from the work's methodology, where the calculation of the index is based on the comparison of the comparative advantage that Germany has with the European Union, since the EU is the region where the country is located and there are significant competitors for particular industries. The calculations are based for the year 2019, since it is the last pre-covid year, which was not influenced by the ongoing pandemic. For the analysis, the author selects particular commodities, which are: packaged medicaments (HS3004), cars (HS8703), chocolate (HS1806) and medical instruments (HS9018). Output is presented in Table 5.

Table 5, RCA for selected commodities for Germany

	Exports		
	<i>World</i>	<i>Germany</i>	<i>RCA</i>
Packaged Medicaments	2.13%	3.99%	1.87
Cars	4.21%	10.10%	2.4
Chocolate	1%	1.37%	2.2
Medical instruments	1%	1.12%	1.59

Source: own processing based on OEC, 2022

Based on the RCA analysis, it is possible to conclude that Germany has comparative advantage compared to the rest of the world in all 4 selected groups of commodities due to the fact that figures for RCA are above 1, which indicates a presence of comparative advantage, which is a good sign for German exports.

In addition, the level of specialization in these industries is steadily increasing. As far as automobiles are concerned, quality German passenger cars are popular all over the world. Automotive plants are concentrated in Baden-Württemberg (Audi, Daimler-Benz), Lower Saxony (Volkswagen), Hesse (Opel), North Rhine-Westphalia (Ford, Opel), Bavaria (BMW) and Saarland (Ford). Car production in the eastern states was stopped due to non-compliance with environmental requirements. However, Volkswagen, Opel and Daimler-Benz quickly mastered and reoriented the eastern German plants to produce cars of their own brands.

Germany also produces fire-fighting, irrigation and harvesting machines (IVEKO company) and trucks (OECD, 2022). Since the end of the 19th century the chemical industry has been developing. The most specialized industries are the production of "monofilaments made of plastics with a cross section >1 mm". (3.7), "other inorganic chemicals" (2.5), "plastic pipes, hoses" (2.0) and "pigments, paints, varnishes and related materials" (2.0). The country was actively creating a global market for artificial dyes (1.4 by 2022).

The main raw material for the chemical industry is oil. Most petrochemical companies are concentrated along the Rhine and its tributaries - in Ludwigshafen, near Frankfurt and in the Ruhr industrial area (Bayer and BASF). Nowadays the chemical industry is very well developed and varies from food and pharmaceuticals to sophisticated developments for all kinds of industries. 24.6 percent of the country's population is served by all of these industrial sectors. In addition to the main areas of specialization of the German

economy, production and export of office supplies (2.1), chocolate and cocoa products (2.1), rubber materials, nails, screws, nuts and bolts (2.0) are quite developed. It is noted that the generator of economic power of Germany is the innovation potential of the economy (OECD, 2022).

The intensification of R&D efforts since 2009 has led to a positive trend in R&D spending as a % of GDP. Both companies and the public sector have contributed to this, with the federal government's high-tech strategy providing the decisive impetus. Overall, Germany spent nearly 105 billion euros on R&D in 2020, corresponding to 3.19% of GDP and thus well above the OECD average (2.4%). According to the 2021 results of the G7, Germany is in second place, with Japan leading by a small margin (3.199%).

Farming and livestock have always been the main sectors of the German economy. Germany is the third largest producer of agricultural products in the eurozone after France and Italy. Germany is also the leader in milk production among EU countries. According to recent data, only 3 percent of the working-age population earns money in rural areas. With such a low percentage of workers, mechanization of production, technological equipment (which explains the specialization in the production of tractors) and government subsidies help to ensure high rates of activity. Dairy products (cheese and cottage cheese - 1.8%, milk, cream, other dairy products - 1.4%) and meat products (1.4%) are the main exports (Gude, 2021).

Based on 2022 results, Germany's trade balance remains positive (\$211.50 trillion), even despite the crisis situation in the world. Moreover, Germany's share of exports in total EU exports is 21% (Table 6).

Table 6, German imports and exports (total and per capita), EU foreign trade balance (total and per capita)

	Trillion dollars.	Germany, per capita, trillion dollars.	EU, total, trillion dollars.	EU, per capita, trillion dollars.
Import	1,460.32	17,423.23	7,340.01	14,251.98
Export	1,671.82	20,084.24	7,939.04	15,415.11

Source: own processing based on the German Statistical Office, 2022

There are a number of obstacles to Germany's specialization: Germany's overdependence on the international market, globalization, digitalization, the demographic problem, the uneven development of eastern and western regions, the predominance of the automotive industry in the country's export structure and, therefore, exposure to economic shocks, growing trade barriers and the uncertain prospects caused by the COVID-19 crisis. However, the country's economy has already proved sufficiently resilient to economic crises.

The German government perceives most of the emerging and upcoming challenges not as problems, but as challenges that the state is successfully coping with. Through regional development, especially in the eastern part of the country, investment in research and development, and the prudent development and expansion of specialization, Germany will continue to show stable growth and strengthen its position in international trade.

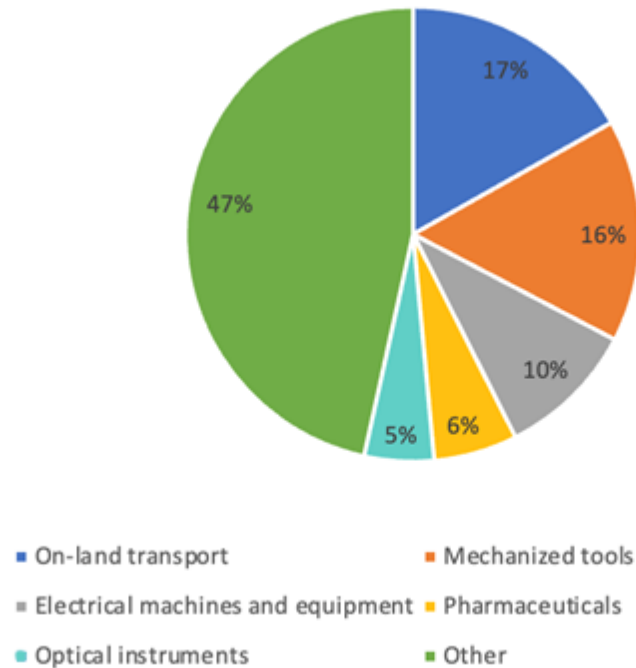
The share of the ten main export goods in 2022 did not change and remained at 69.5%. At the same time, the growth rate for these goods was 5.7%. The total exports for these items amounted to \$647.6 billion. The most important commodities in the structure of exports were the goods that were exported to the Russian Federation. The most significant goods in the structure of exports of the Federal Republic of Germany are shown in the figure (Foreign Economic Information Portal, 2018).

The most important goods in the structure of German exports:

- means of land transport (excluding rail transport) - \$165.8 bln. USD / growth of 1.9% / share of 17.8%;
- Equipment and mechanical devices - \$158.3 bln. USD / growth of 7.9% / share of 17.0%;
- electrical machinery and equipment - \$95.4 billion USD 95.4 billion / growth of 6.9% / share of 10.2%;
- Pharmaceutical products - \$55.0 billion. USD / growth of 8.5% / share of 5.9%;

- optical instruments - \$46.2 billion. USD / growth of 9.8% / share of 5.0%.

Figure 6, Product structure of German exports in 2022



Source: own processing based on the German Statistical Office, 2022

Germany is the largest manufacturer of mechanical engineering products and the leading exporter of machinery and equipment among EU countries. In the Federal Republic of Germany, the automotive industry is the most important branch of industry: the share of exports is about 40%. Along with Japan and the United States, Germany is the largest automotive manufacturer in the world. Here are such giant companies as: Volkswagen, BMW, Audi, Porsche and others. Each year, these companies produce about 6 million cars and about 4 million cars are manufactured abroad. By the way, Volkswagen has an 11.5% share of the global car market.

In addition, Germany is one of the leaders in the electrical industry. Global brands that have gained international recognition have settled in Berlin: Bosch, Siemens, Hager, AEG-Electrolux. Germany is the largest exporter of electronic and electrical equipment. Germany's share in global trade in science-intensive goods is about 20%, it is comparable with the level of the U.S. and Japan; these are mainly technologies focused on environmental protection (filters, wastewater treatment, measurement and control of technology control, etc.). Germany has lost its position as world market leader in this area and now ranks after

the U.S. and Japan in this fast-growing industry (market share - more than 20% in world exports).

In the commodity structure of imports in the reporting period among the ten major commodities, there was an across-the-board increase in the volume of supplies. The share of the ten main goods of FRG imports was 63.0% (\$475.3 billion).

The most important goods in the structure of imports of the Federal Republic of Germany:

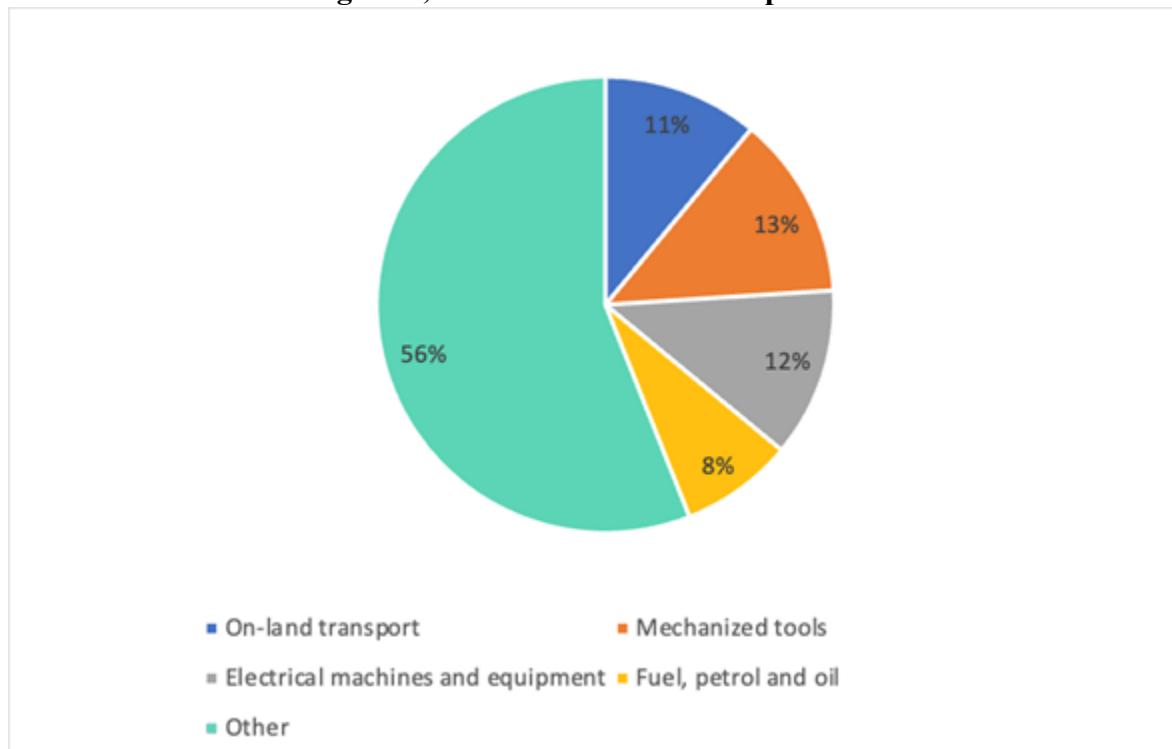
- equipment and mechanical devices - \$95.3 bln. USD 95.3 billion / growth of 5.2% / share of 12.6%;

- electrical machinery and equipment - \$92.4 billion USD / growth of 9.4% / share of 12.3%

- means of land transport (excluding rail transport) - \$79.7 bln. USD / growth of 10.2% / share of 10.6%;

- Mineral fuel, oil and refined products - \$61.2 bln. USD 61.2 billion / growth of 21.6% / share of 8.1%.

Figure 7, structure of German imports in 2022



Source: own processing based on the German Statistical Office, 2022

Thus, it can be noted that foreign relations play a key role in Germany's economic life. From the very beginning it has advocated close inter-sectoral links in the global economy and adhered to the principle of the international division of labor. Germany's foreign trade policy is also in line with this. The Federal Republic of Germany is committed to further liberalization of world trade, taking into account ecological and social aspects in a spirit of sustainable development. Germany is Europe's largest economy - in fact it is the driving force behind it.

4.4 Features of Foreign Trade in East and West Germany

On the anniversary of the fall of the Berlin Wall, there are numerous publications on the economic development of the eastern and western states and the remaining differences between them. The Federal Ministry of Economics and Energy, the Expert Council for Assessing Macroeconomic Development, and the Halle Institute for Economic Research presented comprehensive reviews of the current situation (BMW_i, 2019). Other German economic institutes operating in Munich (Ragnitz, 2019), Berlin (Ragnitz, 2019), Cologne (Krause, 2019), Kiel (Gropp, 2019) have also published results of various studies on selected aspects of the problem. On November 21, 2019, a roundtable discussion was held in Moscow by the Center for German Studies of the Institute of European Studies of the Russian Academy of Sciences and the Rosa Luxemburg Foundation branch in Russia entitled "The 30th Anniversary of the Fall of the Berlin Wall: A Look into the Past, Present, and Future of United Germany."

Its first section was devoted to an analysis of the economic aspects of German unification and their consequences for the modern development of the German economy (Institute of Europe, 2019).

Eastern and Western foreign trade: common positions and structural characteristics. Three decades after the Peaceful Revolution, the role of the East in the country's foreign trade lags behind its role in the domestic economy. Thus, the share of the East in Germany's foreign trade turnover (FTT) is 8% (in exports - 9%, in imports - 8%), while in GDP - 11%, in the number of employees - 13%. This difference (from 3 to 5 p.p.) has decreased over the last ten years: previously it was from 4 to 7 p.p.

Consequently, the economy of the new lands is oriented to foreign markets much weaker than the economy of the old lands (Table 7)

Table 7, orientation of German states to foreign markets

The Year	Foreign trade quota		Export quota		Import quota	
	East	West	East	West	East	West
	% of GDP					
2011	48	73	28	40	19	33
2021	54	73	32	40	22	33

Source: own processing based on the German Statistical Office, 2022

The foreign trade quota is 54% in the East and 73% in the West, i.e., the gap reaches 19 percentage points (p.p.). Including the export quota is 32 and 40% (8 p.p. in favor of the West), and the import quota is 22 and 33%, respectively (11 p.p. in favor of the West). Ten years ago, the gaps were even larger: 25 p.p. for the foreign trade quota, 12 p.p. for the export quota, and 14 p.p. for the import quota. The lag of the East has decreased by more than 20%, but remains significant. It should be noted that the quotas of the old lands have not changed over the last ten years: this probably indicates that the West has reached a certain ceiling in the orientation of the economy to foreign markets. For the new lands these indicators show a moderate but rather stable growth. Therefore, in 15-20 years one should expect the elimination of the gap, especially with regard to the export quota. There is a serious discrepancy between productivity indicators in the domestic economy and in foreign trade.

Thus, in terms of gross domestic product (GDP) per person employed, the East is at 80% of the West, and in terms of FTT per person employed - at 59%. The difference is quite big - 21 p.p., but ten years ago it was even bigger - 26 p.p. If the current trend continues, the eastern lands will be able to equal the western ones not earlier than in three decades. What are the differences between the new and old lands in terms of foreign trade structure? In terms of country - the ratio of developed market countries (EM) to emerging market countries (EM) - they are small. The share of EMs in FTT is 72% in the East and 73% in the West, in exports - 73 and 75%, and in imports - 70 and 72%, respectively, i.e., the gap is now limited to 1-2 p.p. Ten years ago it was more noticeable - from 2 to 11 p.p. But in terms of goods the situation is different (Table 8).

Table 8, commodity structure of German foreign trade, %

	2011						2021					
	FTT		Export		Import		FTT		Export		Import	
	East	West	East	West	East	West	East	West	East	West	East	West
Food	8	7	8	6	8	8	9	7	8	6	9	8
Raw Material	12	6	1	1	25	12	7	4	1	1	14	8
Semi-finished products	9	8	8	7	9	10	7	7	7	5	9	7
Finished goods	72	79	83	87	58	70	77	82	84	88	68	77
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: own processing based on the German Statistical Office, 2022

The share of finished goods is as follows: in the FTT - 77% in the East and 82% in the West, in exports - 84 and 88%, in imports - 68 and 77%, respectively, i.e. the gap varies from 4 to 9 p.p. At the same time, ten years ago this indicator was larger - from 4 to 12 p.p. The main reason for the East's current significant lag in the share of manufactured goods in imports (9 p.p.) is the increased role of raw materials compared to the West (14% in imports of new lands and 8% in imports of old lands, i.e., 6 p.p. in favor of the East). Peculiarities of foreign trade activity of individual German states the indicators of foreign trade activity (orientation to foreign markets and labor productivity in foreign trade) differ among German regions rather strongly, it is characteristic of both eastern and western states (Table 9).

Table 9, foreign trade performance of German States in 2021

Eastern Land	Foreign trade quota	Export quota	Import quota	FTT per person employed	Exports per person employed	Imports per person employed	Ranking on the level of foreign trade development
	% of GDP			thousand euros			
Bavaria	70	39	31	58	32	25	6
Baden-Württemberg	87	51	36	70	41	29	4
Berlin	23	13	10	17	9	7	16
Bremen	129	81	48	101	64	38	1
Hamburg	114	56	58	109	54	55	2
Hesse	64	29	35	54	24	30	8
Lower Saxony	69	37	31	49	27	23	9
Rhineland-Palatinate	83	52	31	61	38	23	5
Saarland	98	37	41	66	38	28	3
North Rhine-Westphalia	71	37	35	53	27	26	7
Schleswig-Holstein	52	28	23	35	19	16	12
Brandenburg	50	23	27	33	15	18	13
Mecklenburg-Vorpommern	36	21	15	21	12	9	15
Saxony	62	41	20	38	25	12	11
Saxony-Anhalt	65	34	31	41	21	19	10
Thuringia	55	31	18	30	19	11	14

Source: own processing based on the German Statistical Office, 2022

Among the Western lands one can distinguish the following subgroups: (1) extreme - three city states, namely the seaports Bremen and Hamburg with maximum levels and the capital Berlin with a minimum level (strictly speaking, it is not a full Western land); (2) five lands with levels around or above the average Western level, including (3) three states with the highest volumes of foreign trade, which account for the lion's share (over 60%) of Western trade (North Rhine-Westphalia, Baden-Württemberg and Bavaria) and also Rhineland-Palatinate and Saarland, which have much more modest volumes but very high relative indicators; (3) three states with volumes below the midwest level - Hesse, Lower Saxony and Schleswig-Holstein. Excluding the three above-mentioned cities, the foreign trade quota in the old Länder ranges from 52 to 98% of GDP, and the turnover per person employed ranges from 35 to 70 thousand euros. The corresponding ranges of the new Länder are as follows: from 36 to 65% of GDP and from 21 to 41 thousand euros.

The variation range of the eastern lands is noticeably smaller than that of the western lands, and from this point of view, the former are a more homogeneous group than the latter. It is important to note another circumstance: in both groups there are lands whose indicators differ greatly from the average levels of their group and are close to the indicators of individual lands in the other group. These include Schleswig-Holstein and Lower Saxony in the West, and Saxony-Anhalt and Saxony in the East. Schleswig-Holstein is on the Middle Eastern level, while Saxony-Anhalt and Saxony are not too different from Lower Saxony.

On the whole, the ranking of the German states, calculated on the basis of orientation to foreign markets and labor productivity in foreign trade, shows: eastern Saxony-Anhalt and Saxony have it higher than western Schleswig-Holstein. This means that the composition of East and West is beginning to blur somewhat in terms of foreign trade development. Let us examine the indicators of the eastern states in more detail. According to the aggregate indicators - the foreign trade quota and FTT per person employed - two leaders (Saxony-Anhalt and Saxony - above the average eastern level) and three outsiders (Brandenburg, Thuringia, Mecklenburg-Vorpommern - near or below the average eastern level) stand out. The elevated aggregate indicators of the leading states are based on different subindicators: Saxony-Anhalt has imports (import quota and imports per person employed), Saxony has exports (export quota and exports per person employed).

Among the outsider states, Brandenburg stands apart, with higher import subindicators (import quota and imports per person employed), which, however, are

insufficient to bring its aggregate indicators above the Middle East level. The high import subindicators in Saxony-Anhalt and Brandenburg are explained, in turn, by the strongly increased share of raw materials in the imports of these lands: 26 and 30% respectively, in contrast to the indicators of the other lands (1-2%). It is because of these two lands that the share of raw materials in the imports of the East is 14%, a reflection of which is the previously noted marked discrepancy between the commodity structures of foreign trade of the East and the West. Almost all of the raw materials imported to the Eastern states are represented by oil/natural gas (89%, including Brandenburg and Saxony-Anhalt accounting for 88%), and almost all of these energy carriers are imported from Russia (85%).

The dual (mono-product and mono-country) dependence of raw material imports of the new states seriously hampers the overcoming of differences between the commodity structures of the foreign trade of East and West Germany. On the basis of such indicators as the export quota and exports per person employed, it is possible to determine a hierarchy of the eastern states according to the success of export development - an important factor of economic growth. The most successful region in this respect is Saxony, followed by Saxony-Anhalt, Thuringia, and Brandenburg, and Mecklenburg-Vorpommern looks the most modest.

For the final aspect, the author conducts an analysis for the geographical change in the country's exports and imports for two years – 2019 and 2022, Below, the author presents a table for the overview of the country's exporting partners in 2019 and 2022.

10, exports destinations

Country	2019	2022
France	7.91	7.37
Netherlands	6.16	7.03
United Kingdom	6.02	4.66
Italy	5.25	5.55
Poland	4.91	5.73
Austria	4.71	5.65
Switzerland	4.29	4.48
Russia	2.06	0.93
China	7.34	6.78
United States	9.13	9.91

Source: OEC, 2022

Based on Table 10, it becomes evident that the geographical structure of exports did not change much with just 2 major changes – the country started to export significantly less to the United Kingdom due to Brexit and significantly less to Russia due to international sanctions applied on the latter. Then, the author proceeds to the analysis of geographical structure of imports.

Table 11, imports origins

Country	2019	2022
France	6.52	4.67
Netherlands	9.62	8.23
United Kingdom	3.68	2.51
Italy	5.58	4.84
Poland	5.02	5.17
Austria	4.18	3.86
Switzerland	4.19	3.69
Russia	1.66	2.36
China	8.59	12.78
United States	5.18	6.14

Source: OEC, 2022

When it comes to the trading partners of Germany for the imports, it is visible that over the course of time, the importance of European partners in the country's exports decreased, while the country increased the volume of imports from Russia, United States and, what is more important, from China.

5 Results and Discussion

When it comes to the results and discussion part of the thesis, it is wise to understand that the ultimate goal of the author was to analyze the current state of German exports and the country's position on the international arena in terms of partners, exporters and importers. For this purpose, it is wise to start the chapter by highlighting the most important partners for Germany in terms of both export and import, since the author's first research question was – *what trading partners are key partners for Germany, both importers and exporters?* Surely enough, the most important party in the trade relations for Germany in terms for both imports and exports are the European Union because Germany is still a huge contributor to the Union's intra-trade and the country is the largest trading partner of almost every single member-state, so the author believes that the country is fully focused and oriented on its domestic partners first. Then, when it comes to exports, it is wise to say that the United States remains one of the leading key trade partners for the country, while the importance of the US in terms of export remains also high, the country is more export-oriented for the case of the US as the trade balance between the two from the German perspective is almost two times higher. Then, it is wise to mention the importance of the United Kingdom as a trading partner. However, there are still some changes to be expected – despite a fair degree of cooperation between Germany and the Russian Federation, the cooperation between the two is likely to stall under the ongoing series of sanctions and pressure being put on the Russian government. Despite the presence in a completely different area, China remains one of the most important partners for the country, especially in terms of imports. The author's findings are similar to the findings of Dauth (2017), who empathized the same trading partners as the author of this bachelor thesis.

The author's second question was – *what goods constitute the bulk of foreign trade turnover in Germany?* When it comes to the role of particular commodities in the foreign trade of Germany, it becomes apparent that Germany specializes on high-value added goods, such as cars, machinery, medicals and other medical equipment, so they constitute the biggest share of the country's trade and furthermore, based on the author's analysis, it becomes apparent that the country has a comparative advantage in all those goods, which is a good sign suggesting that the country does not only specialize in those goods but it also has a comparative advantage, when those industries and commodities are being compared to

the rest of the world, which is also identified by Culpepper (1999). Effectively, the author concludes that the country has a comparative advantage in packaged medicaments, cars, chocolate and medical instruments, which were selected for the analysis. The last part of the paragraph answers the third research question – *trade in what items had demonstrated a revealed comparative advantage over the analysed period?*

The fourth research question of the author was – *what are the dynamics of associated macroeconomic indicators in Germany?* When it comes to essential macroeconomic indicators explaining the phenomenon of trade for the case of the Federative Republic of Germany, it is possible to say that the case is somewhat similar to other countries, where three variables remain to be the most crucial ones – exchange rate, inflation and the GDP. The role of the first one directly influences the attractiveness of German goods for other countries; the second one is a driving force behind the production and all possible input expenses, as inflation drives them either up or down thus affecting the ultimate price that foreign buyers pay for it and the GDP is the indicator generally explaining the level of economic activity for a given country, where Germany is surely enough not an exception. Quite similar observations are made by Rose (1994). The author's fifth research question was – *what are other factors that play an important role in economic development of Germany?* Apart from the series of macroeconomic variables, it is still wise to understand that political stability still plays a huge role in the way how Germany behaves itself, as well as how the country chooses its partners, so the author believes that the political factor will remain among the most important ones.

6 Conclusion

The study of global experience in organizing foreign trade policy is an important aspect of understanding the prospects for the development of the domestic model.

In principle, Germany's choice of the "open" economy model and liberalization of foreign trade was certainly the right one. However, there was not enough clarity and precision in the interpretation of the essence of openness and in the definition of the strategy and tactics of its achievement from the very beginning of the reforms. Two approaches, two points of view emerged: understanding it as a quick "shock" liberalization of foreign economic activity and, on the contrary, as a process that has a gradual nature and requires an active, transformative role of the state.

Thus, under difficult conditions, opening the national economy outward must be gradual, selective and based on sound structural and industrial policies, with a fine individual combination of liberalization and protectionism measures.

In general, Germany has formed a qualitatively new system of regulation and organization of foreign trade, which in its parameters largely meets the international criteria of an open market economy.

In the sphere of trade in the world market the law of uneven economic development continues to operate. Between the developed countries and world economic centers it operates even more intensively. It is most evident in the sphere of trade in services.

So, in order to develop international trade it is necessary:

- Create TNCs whose activities would open up new opportunities for the German economy to integrate into the global division of production and increase competitiveness on the world market.

- First and foremost, modernize the key export-oriented sectors of the domestic economy, whose activities would help improve the country's export capabilities.

- Strengthen the level of legislative support for enhancing the competitiveness of domestic IPOs both on the foreign and domestic markets in conditions of inflation, the global trends of rising prices for energy carriers.

- Develop measures of state support for multi-vector export expansion of OIC to the world market.

- Taking into account international experience, to strengthen the practice of anti-dumping and special measures on trade protection of OIC.

- Improve the program of cooperation with other countries, as well as the practice of using instruments of contractual settlement of foreign trade issues, reduction of protectionist measures between countries (duties, quotas).

On the basis of the study, the author comes to the following conclusions.

1) International trade emerged and developed under the influence of such factors as the international division of labor, internationalization, and the activities of TNCs.

2) In modern globalization conditions international trade is transformed into a new quality, because information and knowledge become the object of purchase and sale, new sales technologies appear, it is important to talk about the appearance of not just new goods, but goods that have no physical characteristics (in the traditional sense of the word "goods"), such as mobile applications.

3) The sale of goods on the international market is actively influenced not only by economic factors, but also by political factors and force majeure situations.

The enterprise, which enters the foreign market, not only receives higher profits, but also higher risks. Taking these factors into account will allow the enterprise to function effectively.

Comparing the effects of the COVID-19 pandemic on old and new lands, one can conclude that the former were more affected due to the predominantly export-oriented enterprises located there. To combat the effects of the crisis, the Federal Government adopted a large package of measures aimed at helping large, medium and small enterprises, the self-employed and free-lancers. It included the creation of an Economic Stabilization Fund, direct and indirect subsidies, and the transfer of employees to part-time work. At the state level, they also adopted their own assistance programs. Bavaria and Berlin were the leaders in terms of funding. The future of the German economy is uncertain and largely depends on solving logistical problems in international value chains.

A new factor of uncertainty is the fate of Russian gas supplies after the decision to convert payments to rubles. Anxiety about the country's future economic development worries not only analysts and the government. Ordinary citizens are concerned about how the federal government will deal with the growing national debt. Fears are growing that new taxes and cuts in social assistance will be introduced to do so.

The analysis allows us to highlight the following strengths of the German export support system:

1) decentralized nature, despite the high level of coordination by the authorities. In fact, it is public and quasi-autonomous structures (GTAI, AHK, the Eastern Committee of the German Economy) which provide a considerable volume of consulting and marketing researches, conduct negotiations of various levels, thus correcting the information asymmetry of the market - the economic reason for the existence of export support institutions ;

2) the formation of a "dual structure" of support for foreign trade activities: on the one hand, a system of government and financial institutions, covering all levels, from the grassroots (ministries and departments) to the political (intergovernmental commissions); on the other hand, a system of private organizations - from foreign trade chambers to economic associations and business forums;

3) The existence of a long successful experience in supporting foreign trade activities, which ensured the selection and consolidation of the most effective tools and mechanisms of export promotion;

4) the allocation of key industry areas (construction and infrastructure; energy, etc.) export-oriented SMEs, which receive priority funding and organizational support under the umbrella brand Mittelstand Global;

5) Allocation of key macro-regions to promote the interests of German companies, the formation of the necessary infrastructure to promote export activities on the ground;

6) the use of banking instruments to support exports, in particular export credit insurance, which became especially important and in demand during the COVID-19 pandemic;

7) Ensuring coordination and interconnection of export support institutions at all levels: not only economic tools, but also political lobbying, consulting and other mechanisms of interaction with foreign partners are used to promote German goods and services.

In particular, such German organizations as the AHK and the Eastern Committee of the German Economy carry out a single coordinated policy, working in close coordination with the Foreign Ministry of the Federal Republic of Germany, being, in essence, instruments of economic diplomacy. Within the framework of further development of Russian exports, taking into account the international experience, it seems advisable to ensure an increase in the efficiency of interaction between institutions of the central and foreign tier of the system of support to this process with its regional component (structures

in the subjects of the Russian Federation), as well as with chambers of commerce and industry at the federal, regional and municipal levels of the Russian Federation.

Besides, it is necessary to continue work on improvement of preparation of the interested Russian companies to foreign economic activity, including by realization of corresponding educational programs of applied character, development of relevant analytical services on the country and branch markets for exporters. Another important task is to improve the system of support for Russian market participants in exhibition and fair activities abroad.

The statistical analysis shows that the positions of the eastern states in foreign trade are significantly weaker than those of the western states, and that the maximum difference takes place in labor productivity. At the same time, there is a gradual narrowing of gaps in all indicators, and the country trade structures are converging faster than the commodity structures. The performance of individual states within the two groups differs markedly, but both have states with close or approaching indicators, regardless of their "pedigree. The imports of the two new states, Saxony-Anhalt and Brandenburg, are characterized by a strong dependence on raw materials, namely a high share of Russian energy resources. Saxony achieved the greatest success in the East in the development of exports

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