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## **INTEGRATION STRATEGIES AND CHALLENGES IN MARITIME TRADE**

Examining the challenges and opportunities in the maritime trade industry highlights the importance of effective integration strategies and risk management. At the same time it highlights the importance of distinguishing between problems arising from sectoral features of maritime transport development and those which are caused by external characteristics of the maritime trade market.

The article emphasizes the significance of integration strategies and effective positioning in optimizing the use of potential and mitigating risks and threats. It underscores the negative consequences that arise from ignoring integration relationships, leading to additional losses and heightened risk exposure.

The attention is paid to the importance of periodically reviewing trends and proactively responding to anticipated negative situations in order to optimize relationships based on the criteria of synergies. This, in turn, highlights the role of shipping alliances in the container segment of the maritime trade market as examples of operational frameworks that exhibit willingness to adapt and optimize relationships.

With the recent research and publications it is more convenient to correctly identify the specific constraints and requirements in the global maritime trade market. It includes discussing the size of demand, cargo flow structure, and direction as crucial factors influencing fleet capacity requirements. The formation of external constraints, including environmental standards, is also explored, with a focus on the integration strategies necessary for fleet and cargo terminal development.

Additionally, the article examines problems of business integration in the context of globalization taking into consideration the increasing role of business structures in international trade and the significance of maritime transport in facilitating integration relations between different structures.

**Keywords:** integration, maritime trade market, efficiency, sustainability, shipping companies.

**Formulation of the problem.** It is necessary to distinguish the problems inherent in sectoral features of maritime transport development from the

problems caused by external characteristics of maritime trade market parameters formation. At the same time, it is pointed out that the regularity of any economic development is the presence of integration strategies, effective positioning taking into account the standard risks and threats. This predetermines the necessity to solve the problem, reflecting the priority of forming relationships, which are based on additional factors optimizing the use of potential and management principles that prevent the manifestation of risk to a certain point. In this case, additional losses arise from ignoring the integration relationships that provide for limiting the manifestation of a certain risk. This is clearly demonstrated by the principles of global trade sanctions.

Therefore, it is necessary to periodically review the current trend and react to the formation of expected negative situations and be prepared to optimise the relationship based on the criteria of optimising synergies. This willingness is in fact present and characteristic of the operation of shipping alliances in the container segment of the maritime trade market. As for the company's management as a whole, it is fundamental to achieve optimal transport results under the current conditions of cargo flow formation and freight rate fluctuations.

**Analysis of recent research and publications.** The possibility for an accurate analysis of the modern maritime trade condition is given as a result of the exploration of the sector's challenges, such as demand structure and fleet capacity requirements. Environmental standards and their impact on integration directions have also been investigated. Additionally, studies have examined the implications of global trade sanctions and the need for proactive adaptation. Overall, these publications contribute to understanding optimal approaches to fostering effective integration and mitigating risks in maritime trade. The following publications on maritime transport and integration have been contributed by notable authors such as K. Cullinane, G. Wilmsmeier, M. T. Primachev and others.

**The main objective** is seeking for the most efficient asymmetric solutions to integration problems is the strategy of sanctions. That is, real competitive advantages from the position of individual countries are transformed into a special form of integration regulation of the position of others. This has been harshly demonstrated by the US policy regarding the economic advantages of China's exports. This ignores international regulations and WTO principles.

**Presentation of the main research material.** The global maritime trade market is a special economic system which predetermines specific conditions and integration of transport strategies for the effective positioning of individual shipping companies or trading ports. Firstly, the main constraint is the size of demand in the form of the structure and direction of cargo flows. It is this characteristic that predetermines the requirements for the supply of fleet capacity. Accordingly, groups of shipping companies, possessing ships of corresponding size range, and ship-owning structures, fleet of which does not meet requirements of system safety by a number of factors, are formed.

Secondly, externality constraints are being formed, taking into account the requirements for tightening integration directions of fleet and cargo terminals development taking into account environmental standards. This is a crucial requirement for choosing an integration strategy for the development of subsystems of the global maritime trade market. At the same time, the adopted environmental safety standards for ship energy systems prove to be costly for the leading operators as well.

Therefore, restrictions on the scope of activities for sub-standard ships lead to a worsening of the socio-economic situation in the countries forming the job segment in question. This is the first stage of the problem of implementing a special kind of integration standards in the merchant shipping industry - in job creation. The main requirement of this type of relationship becomes the guarantee of their compliance with the rules of the MLC Convention.

Problems of business integration in the context of globalisation. The modern stage of economic development is distinguished by the increasing importance of business structures in the formation of international trade. It is the activity of the totality of competitive enterprises that determines the directions and parameters of development on the basis of effective integration relations. This circumstance is predetermined by system requirements for optimization of transport service of world trade. The high role of maritime transport is determined by the fact that it actually provides the whole totality of integration relations between countries. Therefore, irrespective of the position of certain political structures of individual states, the sustainability of the maritime trade market is formed. At the same time, multimodal integration strategies and port concession processes are being developed.

At the same time, the circle of economic sanctions is widening from the position of non-acceptance of the socio-political situation of individual countries.

Notwithstanding the above, the International Maritime Organisation has rightly sought to create a new social and legal status for the seafarer as a key resource for stabilising the international division of labour. The main postulates rightly consider the dependence of the sustainability of the world economy on the work of maritime transport, on the one hand. And, on the other hand, the complexity of work on ships under today's psycho-physical strain is taken into account. At the same time, workplaces are thousands of kilometres away from where seafarers live. And it is the human factor that accounts for a significant part of today's maritime transport accidents. That is why the European Union is implementing a special integration policy to ensure the necessary level of competence among crew members of seagoing vessels.

The parameters of functional sustainability of maritime transport enterprises are driven by the established and evolving foreign trade relations of countries. The methods for managing the sustainability of the maritime transport industry are driven by the fact that 90 per cent of the international division of labour is provided by the merchant fleet. Therefore, the leading economic states form policies to prioritise the standard of transport independence.

This provision actually shapes the objectivity and diversity of integration relations. Firstly, global merchant shipping has to be developed under the transport security criterion. Secondly, there are many states whose foreign trade is not supported by a national merchant fleet. In other words, the factor of transport security insecurity is formed. At the same time, in the absence of sanctions, with a free freight market, the freedom of movement of goods mass is ensured. This is a special form of socio-economic responsibility of the maritime transport industry, irrespective of the flag of vessel registration.

It is worth noting the presence in the global maritime trade market, which predetermines the innovative processes that should ensure the priority role of these facilities in the transport service of world trade. By this factor, well-known shipping brands have emerged. A number of European and Chinese ports have a special place in the structure of ports in this respect. Despite the development of competitors, they retain a leading position in

servicing East-West cargo flows on the basis of innovative and integration strategies.

The forms of taking into account and implementing the provisions of the international maritime organisation have a special value in achieving system sustainability of any components of the maritime transport industry. It is the proposed rules and standards of development and functioning of merchant fleet and ports that predetermine, along with the regularities of market positioning, the directions of national merchant fleet development taking into account integration technologies. Failure to perceive them and differentiate the status of maritime states.

The globalisation of economic relations, becoming a general pattern of economic development of individual states, predetermines an increasing demand for a systemic solution to the problems of integration of positioning. Despite the accepted differentiation of the countries by the level of economic development, the level of participation in formation of the international division of labour remains fundamental.

Thus, it is necessary to distinguish the aspect of globalisation relations by historical conditions, by the nature of national economic governance, by factors or standards of different forms of integration. It should be taken into account that in some cases there is a discrepancy between the level of economic development of individual countries and the demographic situation. In addition, development programmes are implemented without a systematic concentration of resources on the benefits of integration processes. This is why groups of developing countries base their activities on the advantage of exporting natural resources. This limits the normalisation of living standards and attitudes towards the environment.

However, the activities of the maritime transport industry appear to be indifferent to the national development strategy in this respect.

At the same time, we should distinguish between the integration aspects of development of individual states and global standards of living for seafarers, who in fact become key specialists who ensure the effectiveness of system-wide development, irrespective of nationality. That is, in fact, a special factor of integration relations is emerging.

The system of integration standards for the economic development of the individual countries actually refers to the nature and extent of environmental optimisation based on uniform requirements, despite the significantly different national production and export priorities of the

national programmes.

At the same time, the principles of globalisation of the maritime trade market predetermine common standards for the formation of a systemic balance of development of individual states. It is important to take into account the level of socio-environmental development of individual states in order to take into account the nature of integration according to criteria of optimisation of relations with the environment.

Therefore, the task arises of choosing regional priorities for the development of maritime transport or using the principle of concessionary position retention. Among the decision criteria, at least the expansion of the composition of jobs and at most the achievement of a standard position of forming a positive balance of payments in relation to the content of capital assets.

In the standard position amongst a set of challenges remains the process of optimising the position taking into account the need to ensure the sustainability of certain segments of the maritime trade market. Achieving the status of transport security in the system of effective integration relations on the basis of the normalised development of the country's shipping potential requires the selection of a development strategy. The complexity of achieving this symmetry of ensuring the appropriate state of economic objects and reflects the differentiation of the current state of the states and the tasks of their development.

The effectiveness of the socio-economic challenges of expanding integration processes can clearly be traced back to the structure of the EU. And the opposite is true of Ukraine's development problems. Since its political independence, with a population of 52 million, by 2022 it is among the poorest countries in Europe. The current population is estimated at around 37 million while GDP has more than halved since the shift in development in 2015. It is, unfortunately, the only country in Europe that has not reached 1991 production levels. No presidential structure has been able to ensure the necessary economic growth, so it has chosen other forms of social containment. Ignoring the balance of integration processes has caused a decline in the share of national production of high value-added products. It is under these conditions that the migration of professionals and young people has increased.

This occurs due to the fact that a refusal to manage activities according to the specifics of the resource potential has developed. One of the factors of

transport integration - taking advantage of the transit space - has been disrupted. Only a number of European investors, taking into account the transit advantages of the Black Sea maritime north-western region, have created peculiar subsidiaries that provide unloading of a number of European ports.

Ukraine has not developed an economic policy for business development throughout its state-building period. Moreover, there has been a fusion of government and business. Ignoring the benefits of integration processes for a long period of time, the share of the national fleet in ensuring cargo turnover of national commercial ports does not exceed 10%. At the same time, insecurity of property from raider attacks has developed. Regulatory regulation is inadequate for the normal development of entrepreneurship.

The Ukrainian transport authority has not implemented incentives for the development of national stevedoring companies. However, due to the clear assessment of the integration advantages of such companies, the EBRD is actively involved in lending to a number of businesses that have achieved a high status in the integration process. These include Nibulon and TIS.

Nevertheless, in Ukraine the creation of the conditions for the necessary economic growth under the sharp division of resources and ownership is proving to be a difficult problem. The issues of maritime transport enterprises' development have not been concentrated on optimisation of relations with alternative investment centres. Unfortunately, due to administration problems such form of integration relations as concession investment of port development proved to be significantly limited in comparison with investment parameters in Turkey and Greece. On the basis of risk management the activities of foreign investors have been focused on a narrow range of activities.

These examples reflect the processes of non-compliance of the management of individual foreign companies with the system-wide patterns of increasing specialisation of the production segment according to the system-wide patterns and priorities of absolute and comparative advantages of national production subsystems in the global economic space.

Attention should also be paid to negative approaches in the system of trade relations integration. At one time, economically developed countries stimulated imports of Belarusian oil products to a certain extent and by

market mechanisms. The refusal to import a quality product in 2021 demonstrates the disregard for the priority of market balance based on integration. This not only undermines small economies, but also reflects negative consequences for all other participants.

The principles of optimising the development of the national economy are demonstrated by the states focusing on balancing the social segment and the living standards of citizens. At the same time, there is a difference in approaches to achieving balanced results of integration strategies and principles of formation of costs to achieve the normalized state of the relevant segment. At the same time, entrepreneurial activity of subsystems of the real economy remains the only source of means to achieve the adopted parameters. That is, the main thing is to find the objectivity of redistribution of cash flows, taking into account the feedback of future results.

Nevertheless, it should be recognised that, at any level of innovative technology and automation of production, it is the competence of specialists that ensures the efficiency of the respective capital assets. The problem remains the establishment of the integration component in the system of labour efficiency. The solution to the issue of balance is implemented on the principle of establishing consistency of interests.

However, a distinction should be made between the level of efficiency of integration processes and the availability of balance in the individual subsystems of the global maritime trade market. In this respect, seafarers are in fact being recognised as a key player in the stability of global economic relations.

In fact, 1,7 million workers and managers in the merchant fleet provide the life processes, if not for the differentiation of living standards across countries. Therefore, the problem arises of accounting for the real impact of the maritime transport industry on the socio-economic performance of the totality of states.

The symmetry of the maritime transport state in the implementation of integration processes in a system of certain constraints can be represented by the following condition:

$$R_{vt} = \sum_n^1 p_{di} W_{pi} T_{ei} P_{ci} = \sum c_{sai} Q_i (1 + i_{pi})$$

where  $p_{di}$  is the productivity of the capital assets of the maritime

business structure;

$W_{pi}$  – the parameters of demand-driven productive capacity;

$T_{ei}$  – the operational period for using the production capacity;

$p_{ci}$  – the market price of the relevant types of goods;

$c_{sai}$  – the average cost of producing a unit of a good;

$Q_i$  – the volume of sales of the benefits created;

$i_{pt}$  – a cost-recovery rate in line with the objectives of downstream development and the creation of value for social benefits and environmental normalisation.

Thus, the problem becomes the increasing costs for maritime transport companies in terms of optimising the socio-economic and ecological equilibrium relationship. But the additional costs must be compensated by the price characteristics of the global maritime trade market.

In this way, the principle of integrating the development of global economic relations is theorised. It is the final consumer and the final segment of the formation of the production result that provide the current equilibrium. In order to achieve a prospective equilibrium, a mechanism for managing the rationality of the money flow to meet the current needs of the citizens of the leading nations becomes essential.

If current conditions persist and the differentiation of states in terms of living standards increases, it is possible to isolate the nature of socio-economic governance from the perspective of global integration relations. A demonstration of this approach should be seen in the activities of global administrations to provide various forms of aid to developing countries on the basis of special funds. This flow of resources should be seen as a special form of tax for developed economies or the costs of entrepreneurial structures that take advantage of integration technologies.

Additional cargo traffic is provided by maritime transport companies on cost recovery principles under current terms and conditions. Consequently, the sustainability of any relationship integration programmes should be considered when developing the capacity of the merchant fleet. The global importance of maritime transport is based on its ability to interconnect different states in the field of economic interests. At the same time the latter predetermine optimization of social characteristics of such states. The main problem remains the significant gap in these characteristics between the states.

Their alignment remains an unsolved problem due to a number of

natural factors and due to inappropriate relations within the country and the inability to normalise their economic status under the prevailing conditions of uneven access to resources and rationality of the country's capital asset ratios, population size and their compliance with modern professional competence requirements. However, as the experience of a number of countries shows, the process of choosing integration processes in the system of optimising the socio-economic status of the state proves to be difficult.

Among the reasons for this situation is the neglect of standard approaches to achieving a balance between demand and consumption and the implementation of policies for effective participation in the international division of labour. There is a severe lack of professionalism in state institutions, with exorbitant levels of administration. The consequence is limited domestic sources of investment and limited attractiveness for foreign investment inflows. The latter select projects that are in line with sustainable demand, such as the development of grain terminals at seaports.

Ultimately, limiting integration strategies actually degrades the national high value-added product segment relative to the development parameters of similar subsystems in economically developed countries.

**Conclusions.** Strengthening the systemic role of the maritime transport industry in ensuring the sustainability of the international division of labour increases attention to the development of the fleets and ports of the real maritime powers. At the same time, the independence of transport services for national cargo flows is formed, regardless of negative external risks. At the same time a balance of the current account is formed. At the same time, the symmetry of states with limited access to open maritime technology is reduced. This was clearly demonstrated in the reduction of integration processes based on the sanctions system. The freedom of access for export cargo flows to competitively priced ports has been restricted.

In turn, any limitation of economic results leads to losses in the social sphere of life. This is the point taken into account in optimising the role of maritime transport in optimising economic and environmental integration strategies. This is the rationale behind the desire to address the key status of seafarers. This is predicated on the fact that a de facto small seafarers' labour market sustains the world economy and supports 8 billion people.

Maritime transport, not only in terms of the number of employees, but also in terms of the value of capital assets, along with the relative low man-made burden on nature in relation to its importance in the global economy,

predetermines its priority. That is why advanced maritime powers formulate relevant development policies. Unfortunately, along with this there remains the negative impact of market volatility of other industries on the crisis position of the fleet and ports. Therefore, it is necessary to periodically address newly emerging challenges, taking into account the global importance of sustainable integration services for cargo flows.

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## **СТРАТЕГІЇ ІНТЕГРАЦІЇ ТА ВИКЛИКИ У МОРСЬКІЙ ТОРГІВЛІ**

Вивчення можливостей у галузі морської торгівлі підкреслює важливість ефективних стратегій інтеграції та управління ризиками. Водночас підкреслюється важливість розмежування проблем, що виникають через галузеві особливості розвитку морського транспорту, і тих, які викликані зовнішніми характеристиками ринку морської торгівлі.

У статті наголошується на значенні інтеграційних стратегій та ефективного позионування в оптимізації використання потенційних та мінімізації ризиків і загроз. Це підкреслює негативні наслідки, які виникають через ігнорування інтеграційних відносин, що призводить до додаткових втрат і підвищеного ризику.

Звернуто увагу на важливість періодичного перегляду тенденцій та активного реагування на очікувані негативні ситуації з метою оптимізації відносин на основі критеріїв синергії. Це, у свою чергу, підкреслює роль судноплавних альянсів у контейнерному сегменті ринку морської торгівлі як прикладів операційних структур, які виявляють готовність адаптувати та оптимізувати відносини.

Завдяки останнім дослідженням і публікаціям стало зручніше правильно визначити конкретні обмеження та вимоги на світовому ринку морської торгівлі. Він включає обговорення розміру попиту, структури вантажопотоку та напрямку вирішальних факторів, що впливають на вимоги до місткості флоту. Також досліджується формування зовнішніх обмежень, включаючи екологічні стандарти, з акцентом на стратегії інтеграції, які є необхідними для розвитку флоту та вантажних терміналів.

Крім того, у статті розглядаються проблеми інтеграції бізнесу в умовах глобалізації з урахуванням зростання ролі бізнес-структур у міжнародній торгівлі та значення морського транспорту в сприянні інтеграційним відносинам між різними структурами.

**Ключові слова:** інтеграція, ринок морської торгівлі, ефективність, стійкість, судноплавні компанії

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