

**A STRATEGIC MANAGEMENT MODEL FOR ECONOMIC DEVELOPMENT
The Feitoria Prime Market Model – The Competitiveness Concept: MFN Tariff
The bilateral trade opportunities Portugal – Poland and Portugal – Ukraine**

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Abstract. The paper presents an upgrade of the strategic management model for economic development, the Feitoria Prime Market Model (Feitoria Model), developed by Botelho & Kulishov (2018) which has an innovation: the incorporation of the concept of competitiveness of products in markets, the Most-Favored Nation Tariff (MFN Tariff). The Feitoria Model identifies new markets for companies to increase the number of markets to place their product portfolio. Feitoria Model is based on the comparative advantage concept of Ricardo (1817) and incorporates economic and political dimensions in order to avoid unstable economies and the MFN tariff in order to compare the competitiveness of products in multiple markets. The study presents the bilateral trade opportunities, Portugal – Poland and Portugal – Ukraine. The methodology presented below is configured confronting the potential trade to effectively verified among the countries and uses a trade database 2013 – 2017 period extracted from the UN COMTRADE free database.

Keywords: Feitoria Model, Comparative Advantages, Index of Complementarity (IC), Index of Effectiveness Commerce (EC).

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Introduction

Botelho & Kulishov (2018) developed a strategic management model -The Feitoria Prime Market Model (*The Feitoria*). The Feitoria Model selects new markets for companies to export their products. Therefore, the Feitoria Model contributes to economic development of the country increasing the gross domestic product and creating jobs.

Strategic management refers to a systematic effort to establish organizational purposes, objectives, policies, and to develop the strategies which will be used to achieve the organizational purposes (Steiner, 1979). Recently, strategic management has been emphasized by policy makers and public managers at all levels of government (Bryson & Edwards, 2017).

The Feitoria Model incorporates a new important concept – the MFN Tariff applied to each product. Tariffs can influence trade patterns. By making products more expensive to consumers, tariffs hamper demand for imports.

A tariff is a tax imposed on imported goods and services applied to a country with most favored nation status. An MFN tariff is the lowest possible tariff a country can assess on another country. For example, if a country's lowest tariff is 2% of the value of a good, this is

its MFN tariff, and it charges this percentage on an import from a country with most favored nation status. Members of the World Trade Organization are required to extend most favored nation status to other members, though exceptions exist. In the United States, most favored nation status is formally called permanent normal trade relations.

Successive rounds of multilateral trade negotiations since 1947 have helped achieve deep reductions in import duties. This is particularly true for industrial goods, on which tariffs have fallen from around 40% at the end of World War II to a tenth of that today. They also alter the relative prices of products, and can protect uncompetitive companies and their overpriced products. These distortions are particularly pronounced in many non-OECD countries where tariffs remain substantially higher than in the OECD area (Love, & Lattimore, 2009).

The theories of international trade consolidate the idea that there are gains when different regions are related: a developed export sector is capable of having high impacts on the generation of jobs and income, as well as on the distribution of wealth in the population; on the import side, it is possible to generate welfare gains when a greater variety of products are available to be consumed; with regard to international relations in the financial system and in the flow of labor, it facilitates the entry of valuable productive resources into the country. As Galvão (2000) explains, international trade ceased to be a simple possibility of exporting productive surpluses; nowadays it has an important role for growth and for the improvement of economic well-being.

In 1989 the democratic transition in Poland began and changed the foreign policy of the country that depended entirely on the Soviet Union. The commercial relations between Portugal and Poland increased significantly since Poland integrated the European Union in 2004. In 2001 the bilateral trade between Portugal and Poland was around 415 million € and in 2017 was around 1.474,8 million €, representing an increase of 255%.

In 2017 Portugal exported 576 products to Poland (of a total of 1.252 products). Between 2013 and 2017, the exports from Portugal to Poland had growth 7,4% to 629,9 million € (more than the exports to the World: 3,1%). The 26 larger products in value represent 60,4% of total products exported. The table 1 presents the Top10 exported products in value.

In 2017 Poland exported 631 products to Portugal (of a total of 1.254 products). Between 2013 and 2017, the exports from Poland to Portugal had growth 14,2% to 844,8 million € (more than the export growth to the World: 5%). The 15 larger products in value represent 61% of total products exported. The table 2 presents the Top10 exported products in value.

Portugal recognized Ukraine's independence in 1991. In 1992 diplomatic relations between both countries were established. In 2001 the bilateral trade between Portugal and Ukraine was around 46,9 million € and in 2017 was around 277,2 million €, representing an increase of 491%.

In 2017 Portugal exported 204 products to Ukraine (of a total of 1.252 products). Between 2013 and 2017, the exports from Portugal to Ukraine had growth 6,8% to 31 million € (more than the exports to the World: 3,1%). The 10 larger products in value represent 67.7% of total products exported. The table 3 presents the Top10 exported products in value.

In 2017 Ukraine exported 121 products to Portugal (of a total of 1.254 products). Between 2013 and 2017, the exports from Ukraine to Portugal had growth 0,8% to 246,2 million € (more than the export growth to the World: -4,2%). The 10 larger products in value

represent 95.5% of total products exported. The table 4 presents the Top10 exported products in value.

Table 1

Top 10 products in value exported: Portugal to Poland

| Products (HS-4) | 2013 (EUR thousand) | 2017 (EUR thousand) | CAGR ₁₃₋₁₇ | Rank 2017 | Share |
|--|------------------------|------------------------|-----------------------|-----------|-------|
| TOTAL - All products | 439,867 | 629,927 | 7.4% | | |
| 4703 - Chemical wood pulp, soda or sulphate (excluding dissolving grades) | 25,990 | 49,378 | 13.7% | 1 | 7.8% |
| 8708 - Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ... | 34,511 | 48,018 | 6.8% | 2 | 7.6% |
| 8480 - Moulding boxes for metal foundry; mould bases; moulding patterns; moulds for metal (other than ...) | 26,460 | 36,181 | 6.5% | 3 | 5.7% |
| 2204 - Wine of fresh grapes, incl. fortified wines; grape must, partly fermented and of an actual ... | 14,176 | 20,503 | 7.7% | 4 | 3.3% |
| 8544 - Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ... | 29,238 | 20,475 | -6.9% | 5 | 3.3% |
| 4011 - New pneumatic tyres, of rubber | 19,983 | 19,183 | -0.8% | 6 | 3.0% |
| 6403 - Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ... | 3,313 | 15,012 | 35.3% | 7 | 2.4% |
| 0804 - Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried | 2,634 | 12,419 | 36.4% | 8 | 2.0% |
| 3004 - Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ... | 3,334 | 11,541 | 28.2% | 9 | 1.8% |
| 0805 - Citrus fruit, fresh or dried | 7,393 | 11,415 | 9.1% | 10 | 1.8% |

Sources: COMTRADE, Fetoria Model
CAGR: Compound Annual Growth Rate

Table 2

Top 10 products in value exported: Poland to Portugal

| Products (HS-4) | 2013 (EUR thousand) | 2017 (EUR thousand) | CAGR ₁₃₋₁₇ | Rank 2017 | Share |
|---|------------------------|------------------------|-----------------------|-----------|-------|
| TOTAL - All products | 435,016 | 844,769 | 14.2% | | |
| 9401 - Seats, whether or not convertible into beds, and parts thereof, n.e.s. (excluding medical, ...) | 45,698 | 143,891 | 25.8% | 1 | 17.0% |
| 8708 - Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ... | 22,615 | 78,930 | 28.4% | 2 | 9.3% |
| 8528 - Monitors and projectors, not incorporating television reception apparatus; reception apparatus ... | 43,715 | 69,990 | 9.9% | 3 | 8.3% |
| 8703 - Motor cars and other motor vehicles principally designed for the transport of persons, incl. ... | 189 | 42,422 | 195.3% | 4 | 5.0% |
| 2402 - Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes | 3,846 | 29,008 | 49.8% | 5 | 3.4% |
| 8526 - Radar apparatus, radio navigational aid apparatus and radio remote control apparatus | 0 | 23,284 | - | 6 | 2.8% |
| 0201 - Meat of bovine animals, fresh or chilled | 14,017 | 21,566 | 9.0% | 7 | 2.6% |
| 8418 - Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat ... | 10,424 | 18,594 | 12.3% | 8 | 2.2% |
| 8450 - Household or laundry-type washing machines, incl. machines which both wash and dry; parts thereof | 11,330 | 16,750 | 8.1% | 9 | 2.0% |
| 8471 - Automatic data-processing machines and units thereof; magnetic or optical readers, machines ... | 7,627 | 13,514 | 12.1% | 10 | 1.6% |

Sources: COMTRADE, Fetoria Model
CAGR: Compound Annual Growth Rate

Table 3

Top 10 products in value exported: Portugal to Ukraine

| Products (HS-4) | 2013 (EUR thousand) | 2017 (EUR thousand) | CAGR ₁₃₋₁₇ | Rank 2017 | Share | MFN Applied Tariff |
|--|------------------------|------------------------|-----------------------|-----------|-------|-----------------------|
| TOTAL - All products | 22,360 | 31,002 | 6.8% | | | |
| 8537 - Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus ... | 144 | 5,770 | 109.2% | 1 | 18.6% | 1.88% |
| 4504 - Agglomerated cork, with or without a binding substance, and articles of agglomerated cork (excluding ...) | 4,870 | 3,709 | -5.3% | 2 | 12.0% | 6.67% |
| 8422 - Dishwashing machines; machinery for cleaning or drying bottles or other containers; machinery ... | 2 | 3,421 | 343.2% | 3 | 11.0% | 3.58% |
| 6403 - Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ... | 1,756 | 2,101 | 3.7% | 4 | 6.8% | 10.00% |
| 0901 - Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes ... | 1,304 | 1,500 | 2.8% | 5 | 4.8% | 4.00% |
| 7324 - Sanitary ware, and parts thereof, of iron or steel (excluding cans, boxes and similar containers ...) | 1,230 | 1,228 | 0.0% | 6 | 4.0% | 6.25% |
| 4503 - Articles of natural cork (excluding cork in square or rectangular blocks, plates, sheets or ...) | 1,009 | 924 | -1.7% | 7 | 3.0% | 5.00% |
| 8419 - Machinery, plant or laboratory equipment whether or not electrically heated (excluding furnaces, ...) | 1,173 | 806 | -7.2% | 8 | 2.6% | 0.89% |
| 0402 - Milk and cream, concentrated or containing added sugar or other sweetening matter | 885 | 773 | -2.7% | 9 | 2.5% | 10.00% |
| 2204 - Wine of fresh grapes, incl. fortified wines; grape must, partly fermented and of an actual ... | 614 | 769 | 4.6% | 10 | 2.5% | 10.00% |

Sources: COMTRADE, Feitoria Model

CAGR: Compound Annual Growth Rate

Table 4

Top 10 products in value exported: Ukraine to Portugal

| Products (HS-4) | 2013 (EUR thousand) | 2017 (EUR thousand) | CAGR ₁₃₋₁₇ | Rank 2017 | Share | MFN Applied Tariff | Measure Type |
|--|------------------------|------------------------|-----------------------|-----------|-------|-----------------------|------------------------------|
| TOTAL - All products | 236,696 | 246,182 | 0.8% | | | - | |
| 1005 - Maize or corn | 132,716 | 117,571 | -2.4% | 1 | 47.8% | 0.0% | Preferential tariff quota |
| 1205 - Rape or colza seeds, whether or not broken | 34,443 | 32,852 | -0.9% | 2 | 13.3% | 0.0% | |
| 1512 - Sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined, ... | 0 | 24,443 | - | 3 | 9.9% | 0.0% | Tariff preference |
| 7209 - Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, cold-rolled "cold-reduced", ... | 2,955 | 15,231 | 38.8% | 4 | 6.2% | 0.0% | |
| 7208 - Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, hot-rolled, not clad, ... | 10,502 | 14,150 | 6.1% | 5 | 5.7% | 60.5 EUR TNE | Definitive anti-dumping duty |
| 1201 - Soya beans, whether or not broken | 614 | 11,986 | - | 6 | 4.9% | 0.0% | |
| 7202 - Ferro-alloys | 0 | 11,056 | - | 7 | 4.5% | 0.0% to 2.8% | Tariff preference |
| 7201 - Pig iron and spiegeleisen, in pigs, blocks or other primary forms | 0 | 3,189 | - | 8 | 1.3% | 0.0% | |
| 2306 - Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ... | 1,438 | 3,019 | 16.0% | 9 | 1.2% | 0.0% | |
| 4911 - Printed matter, incl. printed pictures and photographs, n.e.s. | 2 | 1,628 | 282.1% | 10 | 0.7% | 0.0% | |

Sources: COMTRADE, Feitoria Model

CAGR: Compound Annual Growth Rate

Methodological aspects

The comparative advantage concept, proposed by Ricardo (1817), is one of the most used models both in the classical and neoclassical theories. According to Ricardo’s theory, a country will benefit if it specializes in the production of goods whose manufacture is intensive in its abundant resources. Thus, in developing countries where the reserve labor force is very large owing to open or disguised unemployment (Myrdal, 1956; Prebisch, 1959), best results can be achieved by specializing in the production of labor-intensive goods.

Vaillant & Ons (2003), Xavier et al. (2008) and Xavier (2009), use the comparative advantage of the exporter and comparative disadvantage of the importer crossed, through the so-called Index of Complementarity (IC) in conjunction with the Index of Effectiveness Commerce (EC), with the aim of confronting the potential trade of two regions against what was actually observed in a given period.

To identify trade potentials is used the Index of Complementary (IC). The indicator analyzes crossover between supply and demand for the products under study, taking in account the world context, that is, the comparative advantages of the exporter and the comparative disadvantages of the importer (Vaillant & Ons, 2003). The indicator is as follows:

$$IC_{ij}^s = \left(\frac{\frac{X_{iW}^s}{\sum_s X_{iW}^s}}{\frac{X_{WW}^s}{\sum_s X_{WW}^s}} \right) \cdot \left(\frac{\frac{M_{jW}^s}{\sum_s M_{jW}^s}}{\frac{M_{WW}^s}{\sum_s M_{WW}^s}} \right) = \frac{X_{iW}^s}{\sum_s X_{iW}^s} \cdot \frac{M_{jW}^s}{\sum_s M_{jW}^s} \cdot \frac{1}{\left(\frac{M_{WW}^s}{\sum_s M_{WW}^s} \right)^2} \tag{1}$$

where: *i*, exporting region; *j*, importing region; *W*, all regions of the world; *s*, sector considered in the analysis; X_{iW}^s , exports, for each sector *s*, from *i* to the world; $\sum_s X_{iW}^s$, total exports from *i* to the world; M_{jW}^s , imports, for each sector *s*, from *j* of the world; $\sum_s M_{jW}^s$, total imports from *j* of the world; M_{WW}^s , total world imports, for each sector *s*; $\sum_s M_{WW}^s$, total world imports.

When $IC > 1$, there is complementarity between the two; below this value, there isn’t trade potential between *i* and *j*.

In order to compare the results of complementarity to the trade actually carried out between two partners, the Index of Effectiveness Commerce (EC) is used.

$$EC_{ij}^s = \left(\frac{\frac{X_{ij}^s}{\sum_s X_{ij}^s}}{\frac{X_{iW}^s}{\sum_s X_{iW}^s}} \right) \cdot \left(\frac{\frac{M_{ji}^s}{\sum_s M_{ji}^s}}{\frac{M_{jW}^s}{\sum_s M_{jW}^s}} \right) = \frac{\left(\frac{X_{ij}^s}{\sum_s X_{ij}^s} \right)^2}{\frac{X_{iW}^s}{\sum_s X_{iW}^s} \cdot \frac{M_{jW}^s}{\sum_s M_{jW}^s}} \tag{2}$$

where: i , exporting region; j , importing region; W , all regions of the world; s , sector considered in the analysis; X_{ij}^s , exports, for each sector s , from i to j ; $\sum_s X_{ij}^s$, total exports from i to j ; M_{ji}^s , imports, for each sector s , of j from i ; $\sum_s M_{ji}^s$, total imports of j from i ; X_{iW}^s , exports, for each sector s , from i to the world; $\sum_s X_{iW}^s$, total exports from i to world; M_{jW}^s , imports, for each sector s , of j from the world; $\sum_s M_{jW}^s$, total imports of j from the world.

According Xavier (2009): i) for a given sector s , if the value of EC is greater (smaller) than the unity, then the effective trade from i to j would be beyond (below) the average expectations and ii) for a given sector s , if the value of EC is equal to the unity, then the effective trade from i to j would only reflect the average expectations.

The main use of this index is the comparison with the Index of Complementarity (IC). For a given sector s , is expected that the result of $EC > 1$ is compatible with the existence of complementary between regions i and j ($IC > 1$). On the other hand, it is also expected that, for given sector s , the result of $EC < 1$ is compatible with the non existence of complementarity between i and j ($IC < 1$).

When $EC > 1$ and $IC < 1$, it means that, exceeding average expectations in an environment of non-complementarity between i and j would indicate that the sector s showed a trade surplus. On the other hand, if $EC < 1$ and $IC > 1$ there is complementarity between i and j but the sector s should demonstrate better commercial performance, which was not observed. So the sectors with opportunities to exploit are when $IC > 1$ and $EC < 1$, that is, those sectors that do not take advantage of the complementarity existing between i and j , being the identification of these opportunities the main objective of this article.

The Feitoria Model incorporates Fundamental Concepts: the comparative advantage concept, the size (amount of trade) and the dynamism (given by growth of trade, express by CAGR - Compound Annual Growth Rate) and Economic and Political Concepts: the Ease of Doing Business [*The Ease of Doing Business: Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate distance to frontier scores on 10 topics, each consisting of several indicators, giving equal weight to each topic. The rankings for all economies are benchmarked to June 2017. In Doing Business 2018, Poland is the 27th country and Portugal the 29th*] the World Governance Indicator [*The Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for over 200 countries and territories over the period 1996–2016, for six dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, Control of Corruption. Portugal position: 29th, 26th, 31th, 50th, 32th and 41th, respectively. Poland position: 57th, 78th, 56th, 43th, 54th and 50th, respectively*], the Credit Rating [*Standard& Poors: For S&P, a bond is considered investment grade if its credit rating is BBB- or higher. Bonds rated BB+ and below are considered to be speculative grade, sometimes also referred to as "junk" bonds. Actually, Portugal has "BBB+" and Poland "BBB-"*], the Free Commerce (free merchandise of any kind of embargo - political, religious, etc) and the Competitiveness Concept MFN Tariff (Most-Favored Nation Tariff).

Based on UN COMTRADE free database, an analysis of the general characteristics of bilateral trade: Portugal – Poland and Portugal – Ukraine can be done. The database refers to 2013-17 period and it's used the Harmonized System [*Harmonized Commodity Description and Coding Systems (HS) is an international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. At the international level, the Harmonized System (HS) for classifying goods is a six-digit code system. The HS comprises approximately 5,300 article/product descriptions that appear as headings and subheadings, arranged in 99 chapters, grouped in 21 sections. The six digits can be broken down into three parts. The first two digits (HS-2) identify the chapter the goods are classified in, e.g. 09 = Coffee, Tea, Maté and Spices. The next two digits (HS-4) identify groupings within that chapter, e.g. 09.02 = Tea, whether or not flavoured. The next two digits (HS-6) are even more specific, e.g. 09.02.10 Green tea (not fermented)... Up to the HS-6 digit level, all countries classify products in the same way (a few exceptions exist where some countries apply old versions of the HS)*] (HS four-digit code). The structure of HS therefore comprises 97 chapters which, in turn, can be disaggregated into 1,254 four-digit level - for example, Chapter 01 can be disaggregated into six subsectors, which are characterized in codes from 0101 to 0106, Chapter 02 can be disaggregated into ten subsectors, which are characterized in codes from 0201 to 0210.

Results

The confrontation of the Index of Complementarity (IC) and the Index of Effectiveness Commerce (EC) indicates under exploit sectors in trade relations between Portugal and Poland. The evaluation of the existing potential is given by Index of Complementarity (IC), if $IC > 1$, the two regions studied would be complementary, that is, the two regions have potential to trade relations and then the Index of Effectiveness Commerce (EC) indicates the effectiveness of trade: first the potential sectors are selected, i.e., those with index $IC > 1$, and then, among the potential sectors, those with $EC < 1$ are taken, i.e., those that would not have effective trade.

Export Opportunities from Portugal to Poland

Based in Feitoria Model there are 92 export opportunities. The table 5 presents the TOP10 export opportunities from Portugal to Poland, sorted by value of Poland imports from the World (largest to smallest) and complemented with the imports dynamism (the average growth rate in medium term, 2013 – 2017, and short term, 2016 – 2017).

Export Opportunities from Poland to Portugal

Based in Feitoria Model there are 112 export opportunities. The table 6 presents the TOP10 export opportunities from Poland to Portugal, sorted by value of Portugal imports from the World (largest to smallest) and complemented with the imports dynamism (the average growth rate in medium term, 2013 – 2017, and short term, 2016 – 2017).

Export Opportunities from Portugal to Ukraine

Based in Feitoria Model there are 38 export opportunities. The table 7 presents the TOP10 export opportunities from Portugal to Ukraine, sorted by value of Ukraine imports from the World (largest to smallest) and complemented with the imports dynamism (the average growth rate in medium term, 2013 – 2017, and short term, 2016 – 2017).

Table 5

TOP10 Export Opportunities from Portugal to Poland

| Products (HS-4) | 2013 (EUR thousand) | 2017 (EUR thousand) | CAGR ₁₃₋₁₇ | CAGR ₁₆₋₁₇ | Rank 2017 | Share |
|---|------------------------|------------------------|-----------------------|-----------------------|--------------|-------|
| 8529 - Parts suitable for use solely or principally with transmission and reception apparatus for ... | 2,209,128 | 2,305,022 | 0.9% | 3.2% | 9 | 1.2% |
| 8704 - Motor vehicles for the transport of goods, incl. chassis with engine and cab | 1,194,434 | 1,412,242 | 3.4% | 1.2% | 16 | 0.7% |
| 3901 - Polymers of ethylene, in primary forms | 989,853 | 1,284,122 | 5.3% | 7.8% | 22 | 0.7% |
| 8481 - Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ... | 802,361 | 1,051,075 | 5.5% | 3.5% | 34 | 0.5% |
| 0302 - Fish, fresh or chilled (excluding fish fillets and other fish meat of heading 0304) | 666,096 | 944,722 | 7.2% | 0.6% | 39 | 0.5% |
| 3923 - Articles for the conveyance or packaging of goods, of plastics; stoppers, lids, caps and other ... | 737,392 | 925,352 | 4.6% | 5.2% | 41 | 0.5% |
| 4805 - Other paper and paperboard, uncoated, in rolls of a width > 36 cm or in square or rectangular ... | 573,323 | 802,101 | 6.9% | 7.4% | 51 | 0.4% |
| 3808 - Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ... | 585,696 | 753,951 | 5.2% | 2.1% | 57 | 0.4% |
| 6204 - Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, ... | 479,619 | 751,511 | 9.4% | 1.2% | 58 | 0.4% |
| 9403 - Furniture and parts thereof, n.e.s. (excluding seats and medical, surgical, dental or veterinary ... | 434,758 | 677,357 | 9.3% | 11.1% | 63 | 0.4% |

Sources: COMTRADE, Feitoria Model

CAGR: Compound Annual Growth Rate

Table 6

TOP10 Export Opportunities from Poland to Portugal

| Products (HS-4) | 2013 (EUR thousand) | 2017 (EUR thousand) | CAGR ₁₃₋₁₇ | CAGR ₁₆₋₁₇ | Rank 2017 | Share |
|--|------------------------|------------------------|-----------------------|-----------------------|--------------|-------|
| 3902 - Polymers of propylene or of other olefins, in primary forms | 325,137 | 424,016 | 5.5% | 10.2% | 145 | 0.1% |
| 3920 - Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, ... | 187,794 | 260,513 | 6.8% | 6.3% | 67 | 0.3% |
| 8538 - Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ... | 110,365 | 151,602 | 6.6% | 11.3% | 131 | 0.1% |
| 3924 - Tableware, kitchenware, other household articles and toilet articles, of plastics (excluding ... | 117,639 | 130,014 | 9.3% | 5.6% | 162 | 0.0% |
| 3917 - Tubes, pipes and hoses, and fittings therefor, e.g. joints, elbows, flanges, of plastics | 85,487 | 122,338 | 7.4% | 10.8% | 134 | 0.1% |
| 4819 - Cartons, boxes, cases, bags and other packing containers, of paper, paperboard, cellulose wadding ... | 83,646 | 114,621 | 6.5% | 11.3% | 112 | 0.1% |
| 4016 - Articles of vulcanised rubber (excluding hard rubber), n.e.s. | 74,322 | 98,657 | 5.8% | 5.1% | 122 | 0.1% |
| 7901 - Unwrought zinc : | 28,352 | 61,907 | 16.9% | 17.1% | 142 | 0.1% |
| 8706 - Chassis fitted with engines, for tractors, motor vehicles for the transport of ten or more ... | 34,874 | 61,013 | 11.8% | 10.3% | 143 | 0.1% |
| 7325 - Articles of iron or steel, cast, n.e.s. | 30,356 | 39,343 | 5.3% | 8.1% | 121 | 0.1% |

Sources: COMTRADE, Feitoria Model

CAGR: Compound Annual Growth Rate

Table 7

TOP10 Export Opportunities from Portugal to Ukraine

| Products (HS-4) | 2013 (EUR thousand) | 2017 (EUR thousand) | CAGR ₁₃₋₁₇ | CAGR ₁₆₋₁₇ | Rank 2017 | Share | MFN Applied Tariff |
|---|------------------------|------------------------|-----------------------|-----------------------|--------------|-------|-----------------------|
| 3102 - Mineral or chemical nitrogenous fertilisers (excluding those in pellet or similar forms, or ... | 159,474 | 298,611 | 13.4% | 23.7% | 87 | 0.7% | 5.08% |
| 4016 - Articles of vulcanised rubber (excluding hard rubber), n.e.s. | 107,263 | 165,913 | 9.1% | 6.5% | 183 | 0.4% | 5.05% |
| 8705 - Special purpose motor vehicles (other than those principally designed for the transport of ... | 84,031 | 124,234 | 8.1% | 17.7% | 302 | 0.3% | 8.50% |
| 6006 - Fabrics, knitted or crocheted, of a width of > 30 cm (excluding warp knit fabrics "incl. those ... | 39,397 | 51,940 | 5.7% | 11.3% | 145 | 0.1% | 7.62% |
| 5806 - Narrow woven fabrics of textile materials, with a width of <= 30 cm (excluding labels, badges ... | 16,936 | 23,739 | 7.0% | 10.0% | 176 | 0.1% | 6.88% |
| 3814 - Organic composite solvents and thinners, n.e.s.; prepared paint or varnish removers (excluding ... | 6,597 | 19,423 | 24.1% | 36.6% | 649 | 0.0% | 0.00% |
| 5408 - Woven fabrics of artificial filament yarn, incl. monofilament of >= 67 decitex and a maximum ... | 7,041 | 11,939 | 11.1% | 7.7% | 204 | 0.0% | 3.00% |
| 5807 - Labels, badges and similar articles, of textile materials, in the piece, in strips or cut to ... | 4,225 | 6,700 | 9.7% | 10.0% | 419 | 0.0% | 6.68% |
| 8206 - Sets of two or more tools of heading 8202 to 8205, put up in sets for retail sale | 3,577 | 5,231 | 7.9% | 17.7% | 447 | 0.0% | 10.00% |
| 8449 - Machinery for the manufacture or finishing of felt or nonwovens in the piece or in shapes, ... | 174 | 536 | 25.2% | 36.4% | 453 | 0.0% | 0.00% |

Sources: COMTRADE, Feitoria Model

CAGR: Compound Annual Growth Rate

Table 8

TOP10 Export Opportunities from Ukraine to Portugal

| Products (HS-4) | 2013 (EUR thousand) | 2017 (EUR thousand) | CAGR ₁₃₋₁₇ | CAGR ₁₆₋₁₇ | Rank 2017 | Share | MFN Applied Tariff |
|---|------------------------|------------------------|-----------------------|-----------------------|--------------|-------|-----------------------|
| 9401 - Seats, whether or not convertible into beds, and parts thereof, n.e.s. (excluding medical, ... | 265,970 | 557,421 | 15.9% | 8.6% | 52 | 0.0% | 0.0% |
| 7010 - Carboys, bottles, flasks, jars, pots, phials, ampoules and other containers, of glass, of a ... | 64,509 | 105,436 | 10.3% | 7.8% | 62 | 0.0% | 0.0% |
| 2105 - Ice cream and other edible ice, whether or not containing cocoa | 61,174 | 80,332 | 5.6% | 6.3% | 193 | 0.0% | 0.0% |
| 1902 - Pasta, whether or not cooked or stuffed with meat or other substances or otherwise prepared, ... | 37,584 | 67,608 | 12.5% | 14.4% | 34 | 0.0% | 0.0%-2.1% |
| 3925 - Builders' ware of plastics, n.e.s. | 36,386 | 62,492 | 11.4% | 16.6% | 57 | 0.0% | 0.0% |
| 4418 - Builders' joinery and carpentry, of wood, incl. cellular wood panels, assembled flooring panels, ... | 24,843 | 36,609 | 8.1% | 9.9% | 46 | 0.0% | 0.0% |
| 0404 - Whey, whether or not concentrated or containing added sugar or other sweetening matter; products ... | 18,449 | 29,162 | 9.6% | 7.9% | 197 | 0.0% | 0.0% |
| 5111 - Woven fabrics of carded wool or of carded fine animal hair (excluding fabrics for technical ... | 10,971 | 21,503 | 14.4% | 13.3% | 125 | 0.0% | 0.0% |
| 4814 - Wallpaper and similar wallcoverings of paper; window transparencies of paper | 4,189 | 10,339 | 19.8% | 32.0% | 121 | 0.0% | 0.0% |
| 6904 - Ceramic building bricks, flooring blocks, support or filler tiles and the like (excluding those ... | 1,117 | 2,882 | 20.9% | 18.5% | 283 | 0.0% | 0.0% |

Sources: COMTRADE, Feitoria Model

CAGR: Compound Annual Growth Rate

Export Opportunities from Ukraine to Portugal

Based in Feitoria Model there are 65 export opportunities. The table 8 presents the TOP10 export opportunities from Ukraine to Portugal, sorted by value of Portugal imports from the World (largest to smallest) and complemented with the imports dynamism (the average growth rate in medium term, 2013 – 2017, and short term, 2016 – 2017).

Conclusions

The commercial relations between Portugal and Poland increased from 415 million €, in 2001, to 1.474,7 million €, in 2017, which represents an increase of more than 250%.

In the period 2013 – 2017 the average growth of exports from Portugal to Poland (7,4%) and from Poland to Portugal (14,2%) was higher than the average growth of exports to World (Portugal to World: 3,1% and Poland to World: 5%) which means that the bilateral trade among Portugal and Poland had strengthened.

In 2017, 60,4% of the total exports Portugal to Poland were concentrated in 26 products and 61% of the total exports Poland to Portugal were concentrated in 15 products.

The commercial relations between Portugal and Ukraine increased from 46,9 million €, in 2001, to 277,2 million €, in 2017, which represents an increase of 491%.

In the period 2013 – 2017 the average growth of exports from Portugal to Ukraine (6,8%) and from Ukraine to Portugal (0,8%) was higher than the average growth of exports to World (Portugal to World: 3,1% and Ukraine to World: -4,2%) which means that the bilateral trade among Portugal and Poland had strengthened.

In 2017, 67,7% of the total exports Portugal to Ukraine were concentrated in 10 products and 95,5% of the total exports Ukraine to Portugal were concentrated in 10 products.

As concerning bilateral trade opportunities, the Feitoria Model finds 92 export opportunities from Portugal to Poland, 112 export opportunities from Poland to Portugal, 38 export opportunities from Portugal to Ukraine and 65 export opportunities from Ukraine to Portugal.

The Feitoria Model incorporates the Fundamental Concepts and the Economic and Political Concepts that, together, select new markets and therefore indicate the way for companies to follow an internationalization strategy. The application of Feitoria Model is done in two steps. In the first step are applied the Fundamental Concepts which are the basis of the model and the result is the selection of new markets where there are opportunities to export their products. In second step the Economic and Political Concepts are applied to the new markets previously chosen in step one and the result is the rejection of economic and political unstable markets and therefore the acceptance of economic and political stable markets.

The Economic and Political Concepts are a very important construct that is incorporated in Feitoria Model by the introduction of the dimensions of Governance, Ease of Doing Business, Free Commerce and the Credit Rating. The better the capacity of government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them, and the fewer the barriers to the cross-border flow of goods, services, capital and labour, the greater the openness of an economy.

The Competitiveness Concept (MFN Tariff) is a new concept in Feitoria Model which recognizes that lower tariffs may help the country to improve substantially domestic firms

competitiveness (Topalova, 2010). The increases in trade from tariff elimination are similar in magnitude to those associated with trade facilitation (*World Economic Forum, 2013*).

There are other aspects that support an internationalization strategy like the role of the institutions. Institutions play a very crucial role in the market economy. The main aim of institutions is to ensure that there is effective functioning of the market mechanism and promote the coordination between state and companies, develop trade agreements, develop infrastructures (transport, communication, energy, technology and other relevant to business development). Institutions include legal framework and process of enforcement, regulatory regimes, property rights, and information systems. These institutions will only remain valuable when they allow for voluntary exchange reinforcement market mechanism that is highly effective (*Kiefer & Carter, 2005*). Institutions will, on the contrary, referred to as “weak” when they undermine smooth exchange in the market (*Azuayi, 2014*).

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