

СВІТОВЕ ГОСПОДАРСТВО І МІЖНАРОДНІ ЕКОНОМІЧНІ ВІДНОСИНИ

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FEATURES OF THE STRUCTURAL POLICY FORMATION IN UKRAINE IN THE EUROPEAN INTEGRATION CONTEXT

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Introduction. According to the international practices, the implementation of the efficient structural policy leads to progressive changes in the economy, which are characterized by positive structural changes and cause overall stabilization of the economic development of the country. As in the case of the USA, Germany, Japan, Great Britain, Italy and other leading world economies, positive changes in their economies can be observed through the implementation of the strategy for economic restructuring strategy. But the effectiveness of such mechanisms of state administration depends on the environment of their implementation and compliance of such administration with the real requirements of the global economy.

Ukraine by its historical identity refers to the list of countries that have inherited structurally shattered, resource-intensive economy formed under administrative-command system of the former Soviet Union. This showed itself in the failure of its economic system to meet the realities of the world market functioning, and caused the deepening of the structural crisis.

The European choice of Ukraine has conditioned the formation and implementation of the structural policy based on new goals, priorities and principles.

Literature review. In Ukraine, considerable attention of the scientists is paid to the research of various aspects of the European integration and directions of structural modernization of the national economy. Features of the structural transformations in Ukraine's economy and their impact on the economic development of Ukraine in terms of the European integration processes, forecasts for structural changes in the Ukraine's economy as a result of signing of the EU-Ukraine Association Agreement are deeply studied in the scientific report of L. Shynkaruk [1]. The main objectives of the foreign economic policy of Ukraine and principles, on which the relations between Ukraine and the EU are to be based, are considered by O.V. Aleinikova [2].

Poland's experience gained in the process of the formation of the legal framework for integration with the EU and opportunities of its application in Ukraine have been studied by S. Bocharov. He points that Ukraine should rely on the gradual approach in the development of the institutional and legal framework for the European integration. Particular care should be taken by

Kyiv to achieve the country's compliance with the Copenhagen criteria, to implement acquis communautaire in its own legal framework, fulfil gradually the provisions of the Association Agreement [3].

Priorities of the innovative development of Ukraine in the context of the activation of the European integration processes have been explored by L. Lyskova. The author notes that the growth in the innovative potential of Ukraine is a prerequisite for the implementation of the consistent state policy for the European integration. This objective incentive for deepening of integration processes between the European countries and Ukraine requires adequate institutional changes. It is essential to manage the innovative development model, to introduce on this basis the industrial production systems, to overcome the wide differentiation of the national income, and to ensure the outperforming growth rates [4].

Despite the in-depth studies undertaken in terms of separate components of the Ukrainian integration process, the analysis of the structural modernization model of the Ukrainian economy remains necessary for an active and efficient membership of Ukraine in the EU.

Problem statement. The aim of the article is to study the principles and ways for optimization the structural policy of Ukraine that will improve the competitive positions of the country on the world market in the context of integration transformations.

It is impossible to attain the article's aim without application of the adequate research methods that include general and specific ones. The general ones include such methods of obtaining knowledge as: analysis and synthesis, systematic approach, logical generalization, abstraction and generalization, dialectical, logical, deductive and inductive methods. The specific ones include the statistical and economic analysis methods.

The methodological basis for the research is represented by the system of laws and categories of economic theory, fundamental provisions of the economic development theory, scientific works of the native scientists and economists in the field of structural policy and the European integration, information resources in the Internet.

Research results. The formation of the efficient economic system, searching for the ways to improve its competitiveness and stabilization of the sustainable economic development of the country requires building a balanced and efficient structural policy, which should take into account all aspects of its current political, social and economic environment. At the same time, it is necessary to deepen theoretical research in this area, which ultimately should lead to the development of its own optimal strategy of forming positive economic changes and efficient mechanisms for its implementation.

We believe that the structural policy is a component of the state economic policy, which includes scientifically accepted methods and measures for optimal rebuilding of the economic system and provides formation of the balanced and efficient proportion of its interrelated elements to ensure positive dynamics in their development.

In the process of transformational changes in Ukraine an economic development model was formed, which is characterized by a high level of openness of the economy to the foreign trade. In the period from 2005 to 2014, export amounts of goods and services in percentage of GDP fluctuated from 44,8 % to 52,5 % (Fig. 1), and the import amounts in percentage of GDP – from 48 % to 58,5 %.

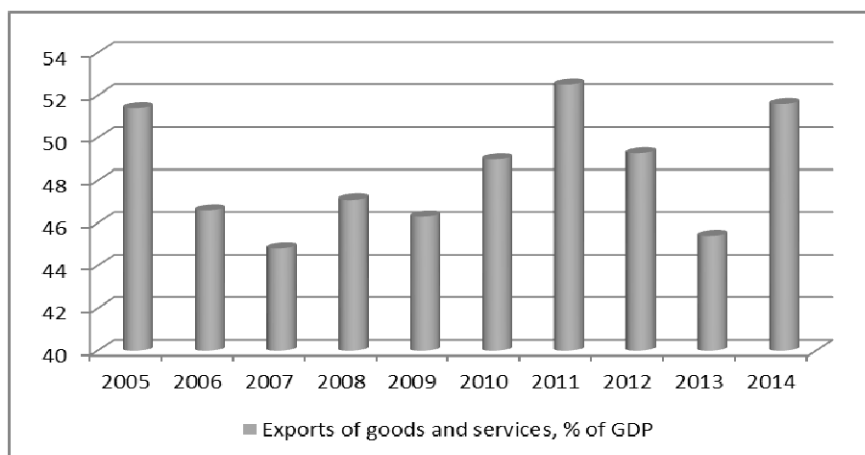


Fig. 1. Dynamics of exports of goods and services share in GDP, % during 2005 to 2014

In this sense, Ukraine's economy today is much more open to the outside world than the average one and those of the developed European countries, the EU members. The openness of Ukraine's economy remains at the high level, which causes its close dependence on the changes of the external market environment.

The excessive openness had extremely negative consequences for Ukraine's economy during the global financial crisis of 2008 to 2010. In terms of the fall in real GDP in 2009 among Central and Eastern European countries, Ukraine gave way only to Latvia. According to the anecdotal data, Latvia and Ukraine were also the 'leaders' in terms of the decline in real GDP in 2009 and globally [5].

On the way of structural modernization of Ukraine's economy, it is a priority task of the structural policy to overcome these shortcomings. Solving the problem of the excessive economic openness is a prerequisite for increasing the adaptive characteristics of the economy related to the global economic environment. The main provisions of this strategy for structural transformation include:

– gradual reduction of the dependence of GDP fluctuations on the functioning of the foreign trade sector by encouraging development of the internal market. That is, if current volumes of foreign trade operations are kept, the opportunities for domestic production have to grow in order to ensure the domestic demand. Such strategy will optimize the level of the economy openness in order to protect the domestic market from the excessive import dependence, which is not contradictory to the integration vector of economic development, but only increases the quality of the economic system of Ukraine;

– provision of highly intensive functioning of the external and internal investment processes with the prevailing trend towards attracting foreign direct investments. If high dynamics of domestic demand in the national economy is achieved, the direct foreign investments in the industries that are not export-oriented and meet the domestic market needs should be growing. This position eventually contributes to the optimally balanced interaction between the domestic and global markets and increases its integration capabilities.

In terms of the implementation of the Ukrainian structural policy strategy the following directions are essential:

1) stimulation of the development of innovative economic fields and innovative production methods, as well as promotion of high-tech sectors of economy;

2) stimulation of the development of small and medium businesses;

3) development of information support for the economic processes through the establishment of the new ones and the development of the already existing state advisory bodies;

4) completion of the privatization of state enterprises within the scheduled strategy with the increased control over the use of funds gained;

3) stimulation of technological processes in the manufacturing sectors of economy in order to eliminate the resource-intensive nature of production;

4) concentration of the investment policy on the promotion of the production processes that are responsible for the final product in the production cycle;

5) breakage of tendencies towards high share of the low-tech exports in the total exports by means of technology transformation of the export-oriented companies.

According to the experts, the main objective prerequisites for structural integration of Ukraine's economy into the European Union should be considered as follows: favourable geopolitical location of Ukraine, which is located between two geographically globalized economic complexes – the Euro-Asiatic and Baltic and Black Sea ones; economic objects in Ukraine that are an integral part of the interstate natural and economic structures (the Carpathians, the Dnipro River basin, the Black Sea water zone, etc.); direct involvement of the transport network of Ukraine (in its main part) into the European transport system; opportunities to take advantage of the significant recreational and tourism potential of Ukraine; wide network of resource transit routes.

The core aspect in terms of the actual European integration is the fulfilment of the requirements for nominal and real convergence. When developing the structural policy strategy of Ukraine aimed at efficient integration of domestic economy into the European Economic Area, the extremely important task is to fulfil the initial requirements of the convergence.

The comprehensive analysis of the economy state of the candidate country for joining the EU is aimed at proving its ability to resist pressure from the strong competitive market, feeling confident

in the common European space and maintaining its role in the international division of labour. Therefore, the initial step is to meet the nominal convergence requirements and the first criterion is the compliance of the inflation rate level of the Ukrainian economy system to its requirements. By this criterion, Ukraine's economy has showed variable dynamics. The inflation rate index, which yet in 2013 was 0,5 %, in 2014 was already 24,9 %, and in 2015 reached its 15-years maximum of 43,3 % [6], while the average inflation rate in the EU in 2015 was 0,17 %, 0,28 % in Germany, 0,23 % in England with the targeted deviation not exceeding their level more than 1 ½ percentage points within one year before the check [7]. Thus, over the last few years by the limit deviation of the inflation rate level Ukraine has lost convergent opportunities on this criterion. Of course, such inflation rates in 2015 were primarily related to the exogenous factors of political origin, such as military conflict in the Eastern Ukraine and the annexation of Crimea.

By the next criterion of convergent filter Ukraine's economy showed increasing levels of public debt to GDP amounts, in 2013 the public debt was within the normal range at 40,1 %, and yet in 2014 it was 70,2 % which exceeds the allowable limit by 10,2 % [8]. This situation was conditioned by the increase of the external public liabilities, because the GDP indicator in 2014 showed an increase by 7,7 % compared with 2013 [9]. In this direction, it is appropriate to apply the methods of public debt restructuring by increasing domestic public debt and reducing the external one, diversification of the directions of use of external borrowings (focused on the technological renovation of production, promotion of higher investment and research development), diversification of sources of external borrowings and encouragement of foreign investment inflow, timely payment on the government external obligations, implementation of fiscal consolidation programs and general economic growth programs.

The government budget deficit, which yet in 2011 amounted to 1,79 %, during the following years demonstrated a negative trend and corresponded to 3,79 % in 2012, 4,45 % in 2013, and 4,98 % in 2014 [9]. Thus, the deviation from the targeted 3 % is not critical and can be reduced to the acceptable level through the introduction of the efficient economic policy, tax system optimization, introduction of the public strategic planning, consolidation of special state programs, and public expenditure rationalization.

The implementation of the third convergence criterion is related to the participation of the candidate country in the currency exchange rate mechanism of the European Monetary System and lies in the compliance to fluctuation margins of the Exchange Rate Mechanism II (ERM II), without the national currency devaluation [8]. The ERM II, which was adopted in 1999, includes the currencies of the countries that have not introduced the common currency of Euro and are the EU members. The introduction of the ERM II regime provides for a fixed exchange rate to the Euro, central exchange rate for the Euro and the national currency to be established. The exchange rate fluctuation should be within ± 15 % to the central one; intervention support of the national currency within the band of ± 15 % is allowed (the intervention mechanism is subject to joint determination by the Central National Bank and the European Central Bank). The General Council of the ECB shall monitor the ERMII activity and provide coordination of monetary and exchange rate policies, as well govern the intervention mechanism jointly with the central bank of the country. Hence, the implementation of this criterion can be attributed to the highest convergence level, since joining the EU currency union is actually a merge of monetary systems of the countries integrated into this international association. Thus, in this case not only strict compliance with this criterion is essential, but the foundation for introduction of such monetary system mechanism to be created. Background conditions for the efficient implementation of the convergence requirements by the third criterion are based on: the maintaining of the inflation rate level within the boundary limits, supporting economic competitiveness through management of domestic expenditures, control over the demand dynamics mainly through the fiscal policy methods, implementation of structural reforms to enhance the activity and flexibility of the economy.

The long-term government refinancing rate as of 2014 was 0,05 % in the ECB, 1,5 % in the Central Bank of Poland, while in Ukraine its average value corresponded to 12 % in 2014, and 24,6 % in 2015 [10; 11]. The average refinancing rate for the period from 2001 to 2016 has been amounted to 13,52 %, which indicates the variable dynamics of this figure; however, if we consider its value ratio with the EU countries, the situation remains very negative. By this indicator, Ukraine is far beyond the EU convergence criteria. This is due to the low volume of available financial resources available to the NBU, and demonstrates under-performing of the economy as a whole and

the level of public spending optimization in particular. Another negative factor in this situation is the inertial development of the financial sector that has been based on the post-Soviet financial system, with high refinancing rate, which is a fairly significant problem for Ukraine in achieving the required level of the economy convergence. Thus, the development and reformation of the Ukrainian financial sector is one of the main tasks on the way to stimulate its participation in the European integration processes.

The leading institution for ranking countries in terms of competitiveness, namely the World Economic Forum annually compiles the global competitiveness index of the world economies. It consists of 113 variables combined into 12 benchmarks of the national competitiveness.

The evaluation of state competitiveness based on the combination of the basic requirement indices, efficiency, innovation and development enhancers, is aimed at expanding of international cooperation, implementation of national interests for the sake of economic security and higher living standards [12, p. 212].

According to the recent report of the World Economic Forum on global competitiveness in 2015 to 2016, among 140 countries Ukraine took the 79th position and slipped down 3 points compared to the previous period. The leading positions are occupied by Switzerland, Singapore, the USA, Finland and Germany (Table 1), Ukraine is between Guatemala and Tajikistan.

Table 1.
Global Competitiveness Index of the world economies in 2012 to 2016 [according to 13, 14, 15, 16]

| County | 2012 to 2013 | | 2013 to 2014 | | 2014 to 2015 | | 2015 to 2016 | |
|------------------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | Ranking position | Index value | Ranking position | Index value | Ranking position | Index value | Ranking position | Index value |
| Switzerland | 1 | 5,72 | 1 | 5,67 | 1 | 5,7 | 1 | 5,76 |
| Singapore | 2 | 5,67 | 2 | 5,61 | 2 | 5,65 | 2 | 5,68 |
| Finland | 3 | 5,55 | 3 | 5,54 | 4 | 5,50 | 8 | 5,45 |
| Germany | 6 | 5,48 | 4 | 5,51 | 5 | 5,49 | 4 | 5,53 |
| The USA | 7 | 5,47 | 5 | 5,48 | 3 | 5,54 | 3 | 5,61 |
| Sweden | 4 | 5,53 | 6 | 5,48 | 10 | 5,41 | 9 | 5,43 |
| The Netherlands | 5 | 5,50 | 8 | 5,42 | 8 | 5,45 | 5 | 5,50 |
| Poland | 41 | 4,46 | 42 | 4,46 | 43 | 4,48 | 41 | 4,49 |
| The Russian Federation | 67 | 4,20 | 64 | 4,25 | 53 | 4,37 | 45 | 4,44 |
| Ukraine | 73 | 4,14 | 84 | 4,05 | 76 | 4,14 | 79 | 4,03 |

Dynamics of Ukraine’s ranking position in the Global Competitiveness Index of the world economies for the period of 2010 to 2016 is shown in Fig. 2.

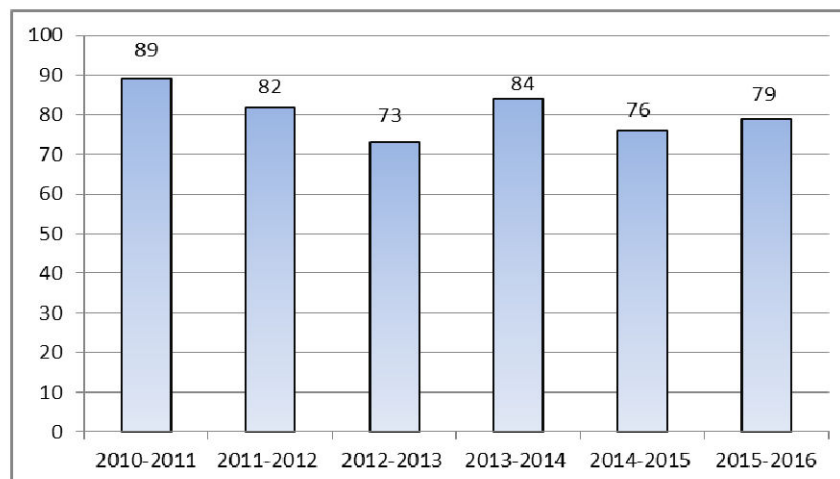


Fig.2. Ukraine’s ranking position among the world economies according to the World Economic Forum on Global Competitiveness for 2010-2016

Over the last year Ukraine has lost most of its ranking points by the macroeconomic environment components (minus 29 points, 134th ranking position among 140 countries) and the level of financial market development (minus 14 points, 121st ranking position). Assessment value for the 'Health Care and Primary Education' component has worsened (minus 2 points). In terms of commodity market efficiency, Ukraine is far behind by the antitrust policy effectiveness index (136th position of 140) and the taxation impact on investment intentions (129th position). Besides, the assessment values by the indicators relating to foreign direct investment are low: foreign ownership share (126th position) and the impact of regulation on foreign direct investment (122nd position).

Following the results for 2015 Ukraine has several competitive advantages in terms of innovation. Ukraine has ranked the 29th position by the availability of scientists and engineers, the 43rd by the quality of research institutions and the 50th by the number of patents for inventions. It is obvious that innovations represent potential for growth. In this sense, joint efforts of the government and business are essential: to increase the government procurement of the high technology products (currently Ukraine takes the 98th position) and to improve cooperation between universities and business in science and innovations (the 74th position).

The Ukrainian economy includes some sectors and industries that are potentially competitive on both domestic and world markets. Implementations of the competitive advantages of these sectors (availability of non-loaded technologically efficient facilities, qualified staff, scientific and technical backlogs, etc.) are hindered by both imperfect and undeveloped market mechanisms and institutions and starting conditions in these sectors as being unfavourable for production expansion, modernization of the industrial facilities and effectiveness improvement. The structural policy should not only take into account the features and underdevelopment of the production processes, but also focus on the improvement of the institutional support for the economy in general and production processes in particular.

Among business activities, one of the most important should be manufacturing of high-tech products, involvement of highly intellectual human potential that will allow the national economy to successfully integrate into the European one. However, Ukraine is today dominated with low- and medium-technology production, which presents risks for the future economic growth. A significant negative factor is that the level of fixed assets depreciation at the domestic companies is exceeding all acceptable values. Thus, in recent years the depreciation degree has been steadily increasing and corresponds to more than 75 % [9].

Therefore, in today's situation there is a growing need to carry out structural transformation of the economy aiming at the formation of modern, efficient, rational and environmentally safe structure and creation of the competitive domestic producer.

The priority areas for the structural transformation of the Ukrainian economic system in terms of the European integration are as follows:

- coordination of the structural policy strategy with the achievement of nominal convergence as one of the main requirements for Ukraine's integration into the European Economic Area;
- transition from the selective stimulation of the industry development to the stimulation of innovative business activities and upgrading of the technological structure of the production;
- encouraging the development and technological upgrading of the resource transit routes;
- approaching of the regulatory and legal support for the functioning of the small and medium enterprises (SMEs) to *Acquis communautaire* laws and regulations;
- establishing cooperation between the EU private and public organizations and partner countries, dissemination of information on customs regulations, analytical studies in market operation, internationalization of the SMEs;
- promoting differentiation between the forms of scientific and technological and industrial cooperation;
- reducing the share of the low-technological exports in its total volume;
- protecting the agricultural sector and promoting researches for agricultural purposes;
- encouraging foreign direct investments in the industries that are aimed at satisfying the internal market demands;
- improving the institutional support for investment processes and encouraging investment inflows to the innovative industries;
- enhancing the state control procedures in the foreign operations;

- development of the scientifically-accepted economic strategy to stimulate positive structural changes and formation of appropriate public financial funds for its implementation;
- provision of sustainable functioning of institutional establishments and expansion of cooperation between scientific and educational organizations and public administration bodies in the implementation of the structural policy.

Conclusions. In the context of the integration processes Ukraine faces critical issues of economic resource scarcity, overcoming the social and economic crisis, economic growth recovery. Therefore, one of the most important issues of the national economic development is establishment and implementation of such government structural policy, which would be aimed at providing optimal balance of different elements of the economic system and would ensure the modernization of the national economy. In this direction, the most important is a vector for adaptation of the national legislation and state institutions to the general trends of the European Community functioning. Stimulation of the development of small- and medium-sized businesses, development of innovations and scientific and research activities, as well as efficient interaction of scientific and educational institutions, public institutions and private businesses are the highest priority areas to form the optimal structure of Ukraine's economy.

Selection of the leading economic sectors and their supporting should be conducted with the help of indirect methods of state influence with no breach of fair competition for all participants of the national market. The mechanism for market self-regulation is not able to ensure full overcoming of market failures and, consequently, the government structural policy should be aimed at stimulating the business sectors that are socially-oriented, but insufficiently motivated in a commercial sense and playing an important role for the functioning of society.

Fulfilment of the requirements of international agreements and the EU convergence as a priority direction of foreign economic development of Ukraine becomes highly important. Therefore, researches in this area attain more relevance with the increasing importance of adapting the economic structure of Ukraine to the real prospects of the European integration.

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Volodymyr Onyshchenko, D.Sc. (Economics), Professor, Rector. **Tetiana Romanova**, PhD. (Economics), Associate Professor. Poltava National Technical Yuri Kondratyuk University. **Features of the Structural Policy Formation in Ukraine in the European Integration Context.** The features and ways for optimization the structural policy of Ukraine that will improve the competitive positions of the country on the world market in the context of integration transformations were researched.

Keywords: Ukraine's economy, structural policy, structural changes, structural modernization, the European integration.

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Владимир Александрович Онищенко, доктор экономических наук, профессор, ректор. **Татьяна Романова**, кандидат экономических наук, доцент. Полтавский национальный технический университет имени Юрия Кондратюка. **Особенности формирования структурной политики Украины в контексте европейской интеграции.** Исследованы особенности и направления оптимизации структурной политики Украины, которые обеспечат повышение конкурентных позиций государства на мировом рынке в условиях интеграционных преобразований.

Ключевые слова: экономика Украины, структурная политика, структурные изменения, структурная модернизация, европейская интеграция.

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Володимир Олександрович Онищенко, доктор економічних наук, професор, ректор Полтавського національного технічного університету імені Юрія Кондратюка. **Тетяна Романова**, кандидат економічних наук, доцент, Полтавський національний технічний університет імені Юрія Кондратюка. **Особливості формування структурної політики України в контексті європейської інтеграції.** У сучасних умовах інтеграційних процесів перед Україною особливо гостро стає питання обмеженості економічних ресурсів, подолання соціально-економічної кризи, відновлення економічного зростання. Світовий досвід розвинених країн світу підтверджує, що державна структурна політика є одним з визначальних чинників стійкого макроекономічного зростання та дієвим механізмом забезпечення ефективності та стабільності функціонування економічної системи та підвищення її соціальної спрямованості. У статті досліджуються проблеми, перспективи та особливості формування структурної політики України в умовах Євроінтеграції. Розглянуто сучасний стан економічного розвитку України та її конкурентні позиції на світовому ринку. Проаналізовано відповідність стану економіки України умовам номінальної конвергентності до європейського економічного простору. Досліджено основні завдання структурної політики України та її пріоритети в умовах глобалізації. Наголошено на необхідності проведення структурної модернізації національної економіки України з метою ефективної інтеграції у європейський простір.

Ключові слова: економіка України, структурна політика, структурні зрушення, структурна модернізація, євроінтеграція.