Introduction. Today the issues connected with the establishment of stable, economically advantageous and long-term economic cooperation between Ukraine and the European Union are extremely important. The definition of the EU as one of the key strategic partners of our state for intensification foreign economic activity and development of the Ukrainian economy conditioned to geopolitical, historical and cultural, socio-political factors.

From the very beginning of its independence Ukraine has taken a course towards deepening cooperation with the European Union countries. In this way, she has already done a lot to get closer to the EU. The ultimate goal of European integration is joining the European Union as an equal member.

The signing of the Association Agreement between Ukraine and the EU reflects the desire of the country to be part of the European community through political association and economic integration. Ukraine's commitment under the Association Agreement is a roadmap for reforming the country, enshrined in an international treaty.

Closer ties with European countries for the Ukrainian economy have many benefits, but Ukraine must also pass a long way and make changes in their legislation and economic system.

At the present stage of development of economic cooperation between Ukraine and the EU there are problems such as the strengthening of uneven development, lack of presence of Ukraine in the EU markets, the need for harmonization of standards and others. The relevance and importance of these problems led to the choice of research topic.

Recent researches and publications review. The process of Ukrainian European integration has a complex character and strategic significance for the Ukrainian state future, therefore it is being explored by a large number of domestic scientists, in particular, in national research institutes. Among them, V. Heiets, T. Ostashko, L. Shynkaruk, Y. Zhalilo (Institute of Economics and Forecasting National Academy of Sciences of Ukraine), I. Burakovskyi, V. Movchan [5], V. Hrechin, M. Ryzhenkov (Institute for Economic Research and Policy Consulting), V. Rusan, O. Sharov (National Institute for Strategic Studies). In addition, there are many consulting and
research groups established by the European experts working on issues of European integration of Ukraine.

To study Ukraine’s European integration paid much attention such Ukrainian scientists, economists, as Breduhin A. [3], Berenda S.V. [2], Fialko A. [9], Hrybnyk I.I. [11], Kopyka V.V. [12], Kostenko N.V. [13], Portnov A. [17], Poshedin O. [18], Slosko O. [20], Yunin O. [25]. The latest works by foreign scholars on the current state of trade and economic cooperation Ukraine–EU discusses challenges towards effective implementation of the Association Agreement, the effect of Deep and Comprehensive Free Trade Area on the economy of Ukraine, the economic vulnerability of Ukraine, Ukraine financial support from the EU, etc. These issues are discussed in detail in the works by scholars such as Aslund A., Adebahr C. [1], Dragnev R., Emerson M. [5], Pifer S. [16], Tombinski J., Wolchuk K. [24]. However, the current challenges on the path to European integration facing the economy Ukraine in conditions of extremely complex geopolitical situation and its impact on the progress of trade relations between Ukraine and the EU need of constant current research.

**Formulation of the problem.** The purpose of this article is to study the real situation and the consequences of deepening economic cooperation between Ukraine and the EU in terms of the implementation of the Association Agreement, including the impact of the functioning of Deep and Comprehensive Free Trade Area.

**Main body.** Special economic literature provides many definitions of international economic integration. They differ mainly the breadth of coverage of integration influence spheres into socio-economic processes. Often international economic integration will be defined as a qualitatively new stage in the development of the economic life internationalization, which is realized through convergence, interweaving and merging of economic mechanisms of national economies. At the basis of this process are the economic interests of independent economic entities and the international division of labor. These processes take the form of relevant international treaties and consistently regulated at national and international levels. We agree that the current international economic integration processes are based not only on an economic basis, but also on the general principles of social and economic development and evolution [2, p. 11].

The tendency for integration into the world market is clearly manifested at the level of regional integration associations. The largest integration group is in the European region. Its establishment was preceded by the formation of special conditions. These include, above all, high market economy and democratic society.

Further deepening of relations between Ukraine and the EU is a major foreign policy priority for Ukraine [14]. In 2014 was signed and ratified the Association Agreement between Ukraine and the EU – a comprehensive agreement that covers political and economic relations between Ukraine and the EU [22]. 2018 became the first year of the full implementation of the Association Agreement, which entered into force on September 1, 2017. A rather important event was the consolidation of the strategic course for membership in the European Union and NATO in February 2019 in the Constitution of Ukraine.

The political objective of the Agreement is to introduce Ukraine's basic European values: democracy, rule of law, respect for human rights and the standards of the European security system. The economic priorities of the agreement are to assist in reforming the Ukrainian economy and its regulation, in particular by increasing trade volume with the EU, improving the business climate, and attracting foreign and domestic investments into export-oriented production [6].

Government reports on the implementation of the Association Agreement, which are based on the comparison of completed tasks for the year and the previously approved plans, show that in 2017 only 41% of the planned European integration work was completed, and in 2018 – 52% [19]. At the same time, the Verkhovna Rada fulfilled its work in 2017 by 28%, and in 2018 – by 40%; Government – by 43% and 55%; other authorities – by 34% and 47%.

The best results were obtained in the following areas: business (89%), agriculture (86%), reduction of technical barriers to trade (70%), social policy and employment (70%). As of January
1, 2019 was performed 73% of Ukraine's commitments on regulatory approximation in business to EU law [19].

Starting in 2019, the use of 10 917 old standards developed by 1992 was canceled in Ukraine, accounting for almost 90% of the total. The least successful is the implementation of commitments in the following areas: education, training and youth (13%), transport, transport infrastructure, postal and courier services (15%), government procurement (16%), the environment and civil protection (22%).

As noted in the government, fulfillment of the tasks of the Agreement on time and in full is hindered by insufficient institutional capacity of some ministries, the opposition of certain groups of interests in the Verkhovna Rada of Ukraine.

In 2018, some positive changes were made, including decentralization, reforming energy sector and civil service, improve financial transparency, proper banking regulation. In the area of standardization, much work was done to help in 2019 joining the ACAA (preparations for ACAA talks), which will become the so-called «industrial free travel» [19].

Independent Ukrainian and European experts evaluated the first results of implementing the provisions of the Association Agreement and the DCFTA by separate main sections [5]:
- Movement of people – visa liberalization very positive step;
- Foreign/security – EU supports Ukraine over conflict with Russia, continuing sanctions;
- Market access, goods – strong growth of exports to EU emerging; several violations of DCFTA;
- Trade remedies – EU imposed an anti–dumping duty on some steel products;
- Customs services – slow legislative improvements, but in practice still inefficient and corrupt;
- Tech. standards (TBT) – progress with EU regulations and standards slowed in 2016–18; preparations for ACAA talks;
- Food safety (SPS) – comprehensive SPS strategy engaged, vital for agri-food sector; expansion of individual access to the EU market for animal products by both products and companies;
  - Services – Ukraine more liberal than EU, slow legal approximation;
  - Public procurement – good progress made, but a risk of backsliding in new draft law;
  - International property rights – legal improvement, but weak practice provoking concerns in the EU and the US;
- Competition policy – legislation largely OK, but efficiency of anti–trust policy is still low;
- Statistics – system well developed, adopting EU standards, still weaknesses;
- Macroeconomics – macroeconomic growth recovers modestly after big war damage;
- Financial services – turbulent period of structural reform;
- Transport – slow legal approximation and infrastructure rebuilding;
- Energy – radical but incomplete reforms; diversification from Russian gas;
- Digital – ICT sector rapidly developing, slow alignment on EU law;
- Consumer protection – gradual legal approximation and institutional capacity development;
- Company law – substantial legislative reforms to approximate EU law;
- Agriculture – limited commitments, controversial land legislation;
- Employment /social – largely compliant with EU and ILO rules;
- Education, culture – relatively high human capital endowment, but some slippage;
- Science, technology – Participates in Horizon 2020; considerable strengths;
- Agencies, programs – gradual development of cooperation;
- Cross–border cooperation – important projects with Polish, Slovakia, Hungary and Romania, but some execution problems.
The agreement provides for close monitoring of democratic institutions, including in the context of the rule of law and human rights. Respect for democratic values in the Agreement is considered so crucial that in the event of a serious breach of the Agreement can be terminated. In 2016, the first part of the constitutional reform – judicial reform – was adopted. But not all constitutional changes related to decentralization have been introduced.

The success of anticorruption policy is a prerequisite for the overall success of the Agreement and the economic future of Ukraine. Many sections of the Agreement will contribute to achieving this objective, for example, transparency of government procurement, but Ukraine still has to solve a number of key issues related to the functioning of the judiciary and anti-corruption prosecutor and several institutions.

Regarding comprehensive Action Plan on Visa liberalization, in December 2015 the European Commission recommended introducing a visa–free regime, which came into force in July 2017. This was the most positive achievement for both sides [6].

Cooperation between Ukraine and the EU in the field of foreign policy and security has strategic importance. Operational cooperation is foreseen within the framework of EU defense and security missions and in some cases is already taking place (for example, within the framework of the European Union Border Assistance Mission to Moldova and Ukraine on the borders with Transnistria), and there are plans to strengthen cooperation with security agencies EU [5].

The Deep and Comprehensive Free Trade Area between Ukraine and the EU is fully operational from January 1, 2016. It envisages reciprocal opening of markets through the gradual reduction of customs tariffs, granting duty-free access within quotas, removing obstacles to trade, harmonization of Ukrainian norms and standards related to trade with those operating in the EU.

These measures initially had a limited impact on exports from Ukraine to the EU. However, lately, it has grown rapidly, the EU's share of Ukrainian exports and imports have increased significantly (in particular, due to a sharp contraction in trade with Russia).

In the course of the analysis, it was found that the growth rate of exports of Ukrainian goods to the European Union in 2018 amounted to 15% [21]. In total, this year, exports to the EU of goods worth $20.15 billion, and the market share of the European Union amounted to 42.6%. In 2017, the EU share was 40.5%, but the growth rate was significantly higher – 29.9%.

Analysis of trade cooperation between Ukraine and some EU countries led to certain conclusions. Export of Ukrainian goods to Poland amounted to $3.25 billion in 2018, increasing by 19.6% compared with the previous year [21]. In such a pace this year Poland may become a key trading partner of Ukraine.

Among the EU countries, the largest buyers of Ukrainian goods in 2018 were: Italy (export value was $2.62 billion, growth rate – 6.5%) and Germany (respectively $2.20 billion and 25.9%). Instead, exports to the EU countries fell only in trade with Lithuania (by 8.4%) and Sweden (by 9.3%) [21].

As to imports from the EU in Ukraine, then in 2018 it grew by 10% to $24.29 billion. The negative trade balance for 2018 has decreased to $4.14 billion (compared to $4.60 billion in 2017).

According to the Ukrainian government, about 15,000 Ukrainian enterprises today export their goods to EU countries [19]. The export structure is gradually changing in the direction of an increase in the share of machinery and equipment, oil, ready–made food products and animal products.

The use of duty–free tariff quotas for agricultural products has increased as Ukrainian producers gradually solve problems related to the requirements of food safety and the weak demand for their products. It should be noted that Ukraine has become an important supplier of organic products to the EU market. In 2018 due to adopt a law on the requirements for organic production, handling and labeling of organic products, the conditions for making competitive products for export were created. Most organic operators in Ukraine certified according to EU standards applicable for export of organic products, and of the domestic market.
The analysis showed that most duty free quotas are used quickly, and the general conditions are not too attractive for domestic producers [4]. Following the results of 2018 Ukraine has closed 10 quotas for duty-free exports to the EU, such as honey, cereals and flour, malt and wheat gluten, processed starch, processed tomatoes, grape and apple juices, butter and dairy spreads, as well as basic quota for poultry and grain – wheat and corn. Also, unlike in previous years, quotas on starch (99%) and garlic (98%) are almost used [10].

Along with the basic quotas mentioned in the Agreement, from October 1, 2017, additional quotas were introduced for 3 years in eight product groups, of which, on September 30, 2018 (the end of the first year of additional quotas), quotas for honey, cereals and flour, processed tomatoes, cereals – wheat and corn quotas were used. Since 2016 began using quotas for processed cereal products, state of the closure which in 2018 reached 40%, which significantly outperformed 2016 – 2.7% [10].

Also, since 2016, Ukraine has started exporting dairy products to the EU. In 2018, quota for milk cream, condensed milk and yoghurts up to 15%, the milk quota of 30% closed annually, and the quota for butter and milk dairy in 2017 and 2018, has been fully utilized. Currently, 22 companies are licensed to export dairy products to the EU.

As of January 21, 2019, Ukraine has already closed three main quotas, namely honey, grape and apple juices, corn, as well as additional quotas (started on October 1, 2018) on honey, tomatoes and corn [10].

Thus, there is a tendency to deepen foreign trade relations between Ukraine and the EU. Ukrainian enterprises are gradually entering the markets of the European Union. The free trade area has provided Ukrainian producers with additional opportunities for export, but its conditions can not be described as ideal and extremely beneficial for all enterprises. The automotive industry in Ukraine is the main sector for which special measures have been introduced that will protect against a significant increase in imports from EU countries for up to 15 years. This will help Ukrainian producers in the short term, but it entails additional costs for consumers.

The Agreement contains provisions relating to anti-dumping measures, subsidies and special safeguards in order to prevent damage to the economy of the importing country. For example, in October 2017, the EU introduced a final antidumping duty on imports of steel products from Ukraine and some other countries.

DCFTA also includes important measures to ensure fast and efficient customs services. Ukraine is gradually complying with its legislative obligations in accordance with the new Customs Code, most of which comply with the requirements of EU legislation. But the main task for the border posts on the borders with the EU remains work without delays and corruption.

Ukraine has defined a strategy aimed at removing technical barriers to trade with the EU by bringing its legislation in line with basic EU directives and the adoption of a large number of EU standards. Ukraine has begun implementing a strategy for the implementation of sanitary and phytosanitary standards of the EU, which should ensure high standards of the safety of domestic food products, and will provide better opportunities for Ukrainian enterprises to export their products to the EU and other countries [5].

Within the framework of the Agreement work is under way to fulfill Ukraine's obligation to bring its legislation in the field of public procurement into the relevant EU directives. The government is already implementing e-procurement that proves to be useful in terms of improving efficiency and reducing the corruption component.

The EU provides significant financial assistance on various channels, including macroeconomic loans complementary to the IMF, as well as budget support and investments from the EIB and the EBRD. The amount of financial and lending support from the EU in 2018 amounted to more than 1.2 billion euros [19]. For the period 2014 – 2020, the amount of this aid may reach 12.8 billion euros [5].

The financial sector of Ukraine is under strong pressure caused by the need to maintain stability of the banking system and provide external debt. However, the government and the central bank continues to
implement a comprehensive long-term program to update the regulations based on EU law as an important part of the overall process of economic reform.

**Conclusion.** Thus, the initial period of the Agreement, which fully entered into force in September 2017, may be viewed as progressive with sufficient signs of positive results with further inspire its stable implementation. The agreement involves a lot of work with legislative approximation to EU standards. Currently, the adoption of legislation in several sections of the agreement is delayed.

Despite some problems, the prospect of EU cooperation with Ukraine is an additional powerful stimulus and significant motivating factor in internal reforms civilized settlement of all internal and external inconsistencies.

In 2019 in order to strengthen the political association and economic integration of Ukraine, it is planned to implement a new approach to cooperation with the EU – to start the process of integration in four priority sectors: the digital market, customs policy, energy, as well as in the spheres of justice, freedom and security. The government expects that in the first half of 2019, decisions will be taken on the renewal of the Agreement, which will correspond to sectoral integration into the single EU common market. Therefore, further research into the problems of deepening economic and other relations between Ukraine and the EU, in our opinion, is worth devoting to European integration in the above-mentioned areas.

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Чичкало-Кондрацька Ірина Борисівна, доктор економічних наук, професор, завідувач кафедри міжнародної економіки та маркетингу. Власюк Анастасія Олегівна, магістрантка. Кондрацька Дарія Сергіївна. Полтавський національний технічний університет імені Юрія Кондратюка. Поглиблення відносин між Україною та ЄС у контексті реалізації умов ПВ ЗВТ. Вивчено реальний стан та наслідки поглиблення економічної співпраці між Україною та ЄС у умовах реалізації Угоди про асоціацію. Політична мета Угоди передбачає запровадження в Україні базових європейських цінностей: демократії, верховенства права, поваги до прав людини та стандартів європейської системи безпеки. Економічні пріоритети Угоди полягають у допомозі в реформуванні української економіки і її регулювання.
Розглянуто стан виконання Угоди про асоціацію між Україною та Європейським Союзом на основі вивчення офіційних звітів уряду, так і результатів досліджень незалежних експертів. Виконано аналіз сучасного стану, структури, тенденцій та особливостей торговельного співробітництва України з країнами Європейського Союзу. Визначено вплив функціонування поглибленої та всеосяжної зони вільної торгівлі з ЄС. Особливо увагу приділено проблемам виходу українських підприємств на ринок ЄС і використанню безмитних тарифних квот. Зроблено висновок, що початковий період застосування Угоди, яка повністю набрала чинності з вересня 2017 року, можна оцінювати як прогресивний з достатніми ознаками позитивних результатів, що мають надихнути на її подальшу стабільну реалізацію.

Ключові слова: євроінтеграція, Європейський Союз, Угода про асоціацію, зона вільної торгівлі, експорт, імпорт.

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Iryna Chychkalo-Kondratska, D.Sc. (Economics), Professor. Anastasiia Vlasiuk, master-student. Daria Kondratska, student. Poltava National Technical Yuri Kondratyuk University. Deepening relations between Ukraine and EU in the context of DCFTA conditions. The article is devoted to the study of the real state and consequences of deepening of economic cooperation between Ukraine and the EU in the conditions of implementation of the Association Agreement. The state of implementation of the Association Agreement between Ukraine and the European Union is considered on the basis of the study of official government reports and the results of independent experts’ studies. The analysis of the current state, structure, tendencies and peculiarities of trade cooperation of Ukraine with the countries of the European Union is conducted. The influence of the Deep and Comprehensive Free Trade Area with the EU is determined. Particular attention is paid to the problems of Ukrainian companies entering the EU market and the use of duty-free tariff quotas. Key words: European integration, European Union, Association Agreement, Free Trade Area, export, import.