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**PROBLEMS OF
EUROPEAN
INTEGRATION**

In Ukraine's integration into European and international structures were allowed many unfortunate mistakes. No doubt there are objective reasons for this, but one thing is clear – absence, especially in the regions of highly skilled professionals from foreign trade activity prevents the advancement of our country to a civilized community.

Recently, this problem is quite noticeable, due to new market demands of professional specialization and experience of international management in modern conditions.

The value of foreign economic activity in all countries development, including Ukraine, is growing. Historical experience confirms the utility of increasing the participation of countries in the international division of labor and various forms of international business. Conversely, curtailment of foreign economic activity inevitably leads to slower social and economic development of a country, the emergence of complex problems that can not be solved not only in economics, but also in other spheres of public life. Therefore, the process of globalization and internationalization of economic life can be considered logical taking into consideration the strengthening of interdependence between countries and the growing reliance of their economies.

In today's world more clearly is the trend towards integration in the international economic environment. A proof of this is the close interdependence of production and international trade. Today, most products coming onto the market through foreign trade or are manufactured using ingredients that are imported from abroad. [1]

The processes of economic integration are ambiguous. There is increasing production efficiency by deepening specialization. Due to

increased trade increases economic activity in many countries.

The process of joining Ukraine in global economic relations largely depends on the quality of decision-making in the field of foreign trade. International business operations, as well as internal, are the result of determined actions by management: forecasting and planning, organization, motivation, leadership, control, and so on.

Of course, all mentioned functions of management in foreign economic activity have essential features. For example, the planning process we should consider bilateral relations that influence the choice of partners. Marketing of foreign economic activity based on the study of international markets, features requests of foreign customers, promotion of products and services to foreign markets is carried out according to local traditions and the numerous restrictions and so on. [2] A different look has the function in foreign trade organization. For example, the enterprise that goes to foreign markets immediately raises the question: to create their units abroad or look for foreign agents there? This is a specific of foreign trade organization, as domestic business operations to organize are much easier and less risky.

Similar problems arise in other aspects of international management. This as a result leads to that the general management systems sooner or later with an increase in international operations stands relatively isolated management subsystem of (management) foreign economic activity. [3]

International Management (FEA) is associated with the use of general ideas and concepts of management in all forms of foreign economic activity (exports and imports of goods and services, leasing operations, direct investment and so on.). The essence of International Management is in a comprehensive study and modeling of international environment combined with the lack of cooperation of all departments and officials of organizations or institutions in the achievement of productive foreign strategies.

In Ukraine the possibility to use management, including the external sector appeared during the restructuring period at the beginning of the transition of the country to the market economy. Thus, of course, we are talking about the formation of foreign economic activity management, about the elaboration of approaches and principles to its formation and use at the present stage in the development of the country.

The experience of market countries of the world shows that their economic success is largely due to the liberalization of foreign economic activity of enterprises. Still no one country in the world has not managed

to create a healthy economy by isolating their businesses from the global economic system. Foreign trade of enterprises brings many advantages that stimulate their economic growth and the economy of a country in general. Thanks to foreign trade of both an enterprise and a country are able to specialize in several leading areas of economy, because they can, firstly, to export the products in which they have achieved the best success, secondly, to import products or capital required for production or consumption. In addition, foreign economic activity contributes to the spread of new ideas and technologies. [4]

Activation of foreign economic activity must be for Ukraine and its enterprises one of the major challenges of transition period. The more Ukraine joins the international division of labor, the faster its enterprises will adapt to the market economy conditions. This is dictated by the general state of world production and world trade [5].

Regulations of the foreign economic activity of a country, and also of a foreign trade and financial flows internationally become increasingly important in the context of internationalization of economic life and the increase of the economic interdependence of countries.

The objective necessity of economic regulation of foreign economic activity stems from the growing interdependence and interconnectedness of national economies and the corresponding intensification of economic systems development between countries; inconsistency of national legislation in different countries, which requires the creation of such a mechanism of regulating foreign trade, which would ensure a balanced coordination of national legal structures.

The important role in the aforementioned system plays World Trade Organization – WTO. Today it is the leading organization, its members are already 161 countries of the world, which account for about 96% of volume of world trade. In recent years, significantly expanded the scope of the WTO activity and has far beyond its own trade relations. WTO is a powerful and influential international structure that can serve as the international economic regulator [6].

Processes of internationalization of companies and countries occur involving certain international unions, communities and certain international organizations. Together, they can help to international business solve its relevant, especially financial and other economic problems [7].

Disadvantages of transnational corporations in Ukraine are closely related to the benefits for the country. The main disadvantages are:

- 1) In many cases, transnational corporations use the Ukrainian

economy as raw materials, transferring to Ukrainian partners not appropriate to their level of development technologies with rigid restrictions on sale [8].

2) Doing business in economic activities that benefit multinational companies, not the economy of Ukraine. Along with the vigorous activity of TNCs (transnational corporations) in areas with rapid turnover of the capital and secured target markets there is insufficient level of investments in others, very important for the Ukrainian economy, economic activities.

3) TNCs demonstrate their social responsibility in Ukraine, but in practice very often violates certain rights of national labor, are used flaws of Ukrainian legislation on environmental protection sphere and others.

4) International companies avoid paying taxes through internal flow of capital to countries with lower taxation. In 2012 the State Tax Service of Ukraine raised the questions about resolving problems with tax evasion by national and international companies through transfer pricing mechanisms [9].

5) The ability of multinational corporations to influence pricing in the country, leading to a takeover or bankruptcy of domestic manufacturers, but also makes the Ukrainian economy dependent on the activity of multinational companies [10].

The involvement of transnational corporations in Ukraine and also an optimal distribution of foreign direct investments (FDI) by types of economic activity is only possible under the terms of improving the investment climate in the country. The set of measures to solve the present problem should include:

1) Overcoming bureaucratic barriers and corruption that will provide a clear legal framework of investment activity. Compliance with legislation of Ukraine to modern standards of the global economy in investment, clarity of legislation and compliance with its rules will improve investment climate and the consequent growth of foreign direct investment.

2) Introduction of tax and customs exemptions, grants, subsidies, subventions, budget loans. These measures will not only attract more foreign investment, but also encourage foreign companies to develop priorities of economic activities types for the Ukrainian economy. Along with this there is a need to create such conditions that would not have limited the opportunities of domestic producers in consequence of receiving certain preferences by foreign companies. In 2012 Ukraine

began the process of renegotiation of the WTO. Appealing to the 28th article of the GATT, which allows all member countries of the organization every three years to initiate a review of the import duty, the Government of Ukraine has prepared a list of 371 commodity items [11]. The main purpose of these measures is to protect domestic enterprises in the country's integration into the world economy.

3) The macroeconomic and political stability, which will positively affect the image of Ukraine as a country attractive for investment.

4) Improving living standards in Ukraine that will increase the demand for goods and services of international companies and encourage them to develop industrial enterprises in the country.

In the modern world, along with the involvement of foreign companies in the economy of Ukraine there is a need to create their own transnational structures. The positive experience with the formation of multinational corporations in China, India, Russia and other countries makes it possible to assert that the national capital is able to compete with international companies if the country arranges conditions for building powerful financial-industrial groups, like their international competitors and able to pursue an active foreign policy.

Along with obtaining competitive advantages as a result of TNK activity, the Ukrainian economy is negatively affected because of their performance. In order to minimize the negative effects on the activities of multinational companies in the country and attract more foreign direct investments, there is a need to implement effective measures to improve the investment climate and development of the domestic economy with the provision of priorities for strategic importance for the kinds of country's economic activity.

In justification of foreign policy, particularly towards improving the country's competitiveness, it is necessary to bear in mind that all States use different methods of restricting of competitors of their national firms. A common, for example is impeding the penetration of foreign competitors in the domestic market, creating more stringent conditions for their functioning, limitations on repatriation of profits and capital, increasing environmental requirements and so on.

Formation of regional integration groupings led to that along with the regulation of foreign economic relations at the national level applies their regulation at the international level and at the regional level. Thus, in the 50-60 years of the XX century, after the formation on the basis of the Treaty of Rome the European Economic Community, began the process of unification of the regulatory framework of the Member States

of the community, using the same forms of financial and organizational assistance to exporters, to small and medium businesses, conducting the unified antitrust policy. Thus, in shaping the international competitiveness of countries began form the collective protection policy.

To support its exporters individual states and also regional integration groups actively use political means. Thus, the US and the EU signed an agreement on cooperation on questions of the competition policy.

Due to increased competition in the global market is expanding the arsenal of using hidden funds to support own exporters. An example of this is the EU policy in the field of agriculture in which to prevent surplus of agricultural products on the internal market, the fall in prices (and consequently – wellbeing of farmers), is stimulated the export of products outside the EU, and even sell it at lower prices. The difference between the prices is compensated from the structural agricultural funds. This mean of economic development is nothing but a hidden subsidy. This is not entirely consistent with the principles of free trade and competition.

Formation by each separate country their own competitive advantages necessarily reflects on the results in the policy of competitiveness of other countries, as production, exchange and consumption of various actors of the world socio-economic system is interdependent. With the deepening and expansion of international relations strengthens the role of multilateral regulation of international relations [9]. International regulation of foreign economic activity is represented by the agreements within the international organizations of the UN system. The latter, for example, belongs to the General Agreement on Tariffs and Trade, which later evolved into the creation of the World Trade Organization (WTO). At the present stage the WTO put a question of achieving free trade not just by its liberalization but in a system of so-called mutually connections: the decision to increase tariffs on one product must be consistent with the liberalization of imports of other product. According to this it should be noted that for the successful negotiations for the country-aspirant is important to know which products are of the greatest export interest to WTO members; to identify goods which import is encouraged in these countries, and in the negotiation process try to reach a mutually beneficial agreement. It must be understood that in the process of such negotiations can be tough and sometimes unreasonable demands from WTO members.

Consequently, the applicant country must have a balanced and well-reasoned position of protecting their own interests, to oppose counter-demands and requirements [4]. Based on the above it can be concluded the importance to strengthen international regulation of foreign economic relations and monitoring compliance with international trade rules in developing and promoting competitive advantages of a country.

The membership in WTO is seen as a systemic factor in the development of national economy, trade liberalization, creating a predictable environment for foreign investments, which meets the national interests of Ukraine. International experience shows that WTO Members receive significant benefits.

The main advantage which will get Ukrainian businessmen after the Ukraine's accession to the WTO is the creation a transparent and predictable business environment in Ukraine. After Ukraine's membership in the WTO, the countries – trade partners will be required to reduce import tariffs and other non-tariff trade barriers on Ukrainian products.

From Ukraine's WTO accession will benefit primarily export-oriented industries (particularly steel and chemicals), and significantly worsen the situation of enterprises which mainly focused on the domestic market (motor industry, electronics, agriculture, food processing, light industry, etc.).

Most of our products are not competitive in the European market that means that in the early stages of course will arise some obstacles, but still eventually our manufacturers will have to contend with competition, and it is known only in a competitive environment, appear new ideas and the desire to “survive”. The conclusion of the FTA and Association Agreement with the EU first – and above should be considered as a significant political signal that Ukraine has serious intentions about reforms and modernization of its economy.

The defining feature of modern Europe is integration processes that ensure the development of Western Europe countries, became a model for other countries of the continent. The formation of the European Union – a complex, multistage process in which participating countries had to solve severe economic, social, political and legal problems, to find adequate answers to the challenges of time. The development of integration processes in Europe is common, defining its present and future development, the place in international economic relations. As for the movement of Ukraine integration into the European Union, there is, unfortunately, the situation is not reassuring. The main achievement of

Ukraine is only the recognition by all parties and authorities of European integration the main direction of development of the state and close cooperation with some countries – members of European Union. European integration is the most determining factor both the international activity of Ukraine, and its internal policy on long-term, establishes a safety and positive affects on Ukraine's relations with all countries. The implementation of course for integration into the European Union will guarantee human rights, development of civil society in Ukraine, the construction of a social market economy and huge financial support from the EU. So, to speed up Ukraine's integration into the EU should be taken the following immediate actions:

- 1) to stop further social stratification;
- 2) to provide true, not just on business development;
- 3) the economy out of the shadows;
- 4) the easy access to credit, financial and information resources, product markets;
- 5) the effective implementation of legislation on fighting fraud and corruption;
- 6) to strengthen financial control of structural funds and development funds;
- 7) judicial reform, property rights and human rights;
- 8) the development of a new foreign economic strategy taking into account the positive and negative factors of Ukraine's integration into Europe.

Thus, the boundaries of public policy formation of the international competitiveness are defined, on the one hand by the need to expand domestic exports and the development forms of international cooperation, on the other – by the rules of bilateral and multilateral relations, which are not always equivalent to all participants in such relations.

The appearance of Ukrainian entities in international markets and their competitiveness in these markets requires the consideration of not only international law, but also the real role of the state to support domestic producers and limit competition from producers of other countries.

Today, the activation of foreign economic activity must be for Ukraine and its enterprises one of the most important tasks. The more Ukraine joins the international division of labor, the faster its enterprises will adjust to epy market economy. [9]

Ukraine's integration into the international community requires the

implementation of such model of economic regulation in foreign economic activity of enterprises that would meet the interests of the state and private, also foreign business, and contributed to the establishment of new forms of cooperation in this area. Introduction of new trends in the organization of such a model and taking practical steps to expand export operations of enterprises through the development of foreign trade activities of regions will contribute to the economic transformation and the creation of a competitive productive potential in our country.

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**FORMATION OF
STRATEGIC GUIDELINES OF
UKRAINIAN ECONOMIC
ACTIVITY ECOLOGIZATION
IN THE CONTEXT OF
IMPLEMENTATION OF THE
ASSOCIATION AGREEMENT
WITH THE EU**

Problem Statement. Dynamic twenty-first century is not only the age of space growth of the world economy, increased competition of companies, corporations, alliances, states. Emergence of new innovative forms of doing business is a period in which economy, society and ecology form interrelated triad whose operation and coordinated development influence future of civilization. Therefore, it is currently impossible to speak about successful economic development of any state without analyzing its impact on the ecology and society as a whole. Currently it's expedient to measure the development level of each EU country using integrated indicators of sustainable development, namely the concept of sustainable development had been the basis for the solution of global environmental and economic problems [2, 3, 5]. Thus, it is appropriate to point out that the International Community of Environmental Economics with dozens of countries as active members defines ecology as "nature's household", and economy as "humankind's household" and aims for surveying "business environment", "economy of nature" and entire complex of relationships, including economic subsystem as an integral part of the global ecosystem [1, p. 125].

Analysis of recent research and publications. In his works researcher Yu.Yu.Tunytsya considered the issues of economy ecologization in Europe; A.P.Holikov, N.A.Kazakova identified strategies of development in the direction of the European context; T. Perga defined main directions of ecological policy as an instrument of