

INFLUENCE OF PROCESSES WITHIN THE EU ON THE POSSIBILITY OF UKRAINE'S INTEGRATION INTO THE EUROPEAN STRUCTURES

The processes taking place within the European Union, to a large extent determine its capabilities and format of cooperation with the third countries, including those that pose integration into EU structures as their strategic goal. In 2014, Ukraine signed an association agreement with the EU, but until this time the association agreement is not ratified. Ukraine is not fulfilling its obligations: corruption is triumphing at the highest governmental level; structural reforms are proclaimed, but not implemented; Ukraine's population is significantly differentiated. On this basis, it is important to assess the prospects of Ukraine's European integration in the context of its potential and national development trends. It should be clearly understood that not only the EU ability to further expand, but also its attractiveness to potential new members are highly dependent on the degree of success of the EU's internal reforms, and especially on how to ensure European Union's leading role in innovative development and the ability to ensure a relative stability in the conditions global tectonic shifts that will likely determine the global development prospects in the coming decades. In this aspect EU transition to a new institutional format provided by the Lisbon Treaty and the future real effectiveness and the real consequences of this process play a very important role. Moreover, it should be borne in mind that the occurrence within this process of certain partial improvements for individual participants is not identical to the presence of global optimum for the EU system as a whole.

For Ukraine, with its heightened sensitivity to the issues of national sovereignty, of course, the more favourable is the fact that the adopted text of the Lisbon Treaty, compared with the version which was previously proposed to adopt in the framework of the EU Draft Constitution, significantly weakens the supranational point in EU activities. Today Ukraine is in the armed conflict, economic and political crisis. Problematic issues also include the issue of nationalities, contradictions within Ukraine concerning a national idea. The majority of Ukrainians do not accept national chauvinism that leads to an exacerbation of the issue of nationalities. Within the framework of the draft EU Constitution instead of the introduction of "European laws" category in two varieties: the "European Law" and the "Framework Law", as a result only general references to EU legislation (Union Law) and the approximation of laws remained.

However, a kind of split in the formation and implementation of economic policy has become the result of such a policy of compromise in the development of the European integration process: if the monetary policy in the euro area is in the exclusive competence of the communitarian organ, i.e. the European Central Bank, the competence in the field of financial policy is carried out independently by the Member States (albeit with coordination of the Union's bodies on the basis of general principles approved by the EU Council), that is it forms the scope of competences distribution. This duality of the monetary and fiscal policy objectively weakens the unity of the macroeconomic regulation system in the EU,

and therefore makes the European Union more vulnerable to global economic shocks. Ukraine should take into account all the processes taking place in the EU and not to dictate its own conditions, but to learn to live according to the principles of the European Union regarding the issues of economy, and policy and national contradictions. Therefore, the topic of Ukraine's integration into the European structures is relevant both for Ukraine and the EU.

Research methodology: The bases of the study are legal acts of the EU, scientific works of scientists, and statistics data. When writing this article, we used the method of theoretical generalization, analysis and synthesis, analogy method, statistical analysis, abstraction and concretization, which enabled us to conduct a comprehensive study.

INSTITUTIONAL REFORM OF THE EU

The reforms carried out in the EU have significantly expanded the powers of the EU member states. For the first time the national parliaments have received a direct right to intervene in the decision-making process within the system of the EU institutions, which enhances the guarantee that the European integration process is developed for the benefit of the EU member states. This is positive for Ukraine too, because the structure of the EU will reduce the range of conflicts that arise from the sequential backlog in Ukraine. However, on the other hand, this ground-breaking innovation encounters the following countertendency: a significant expansion of the principle of the qualifying majority in the decision-making instead of the previously prevailing unanimity principle. Ukraine should take into account the provisions of the Lisbon Declaration on ensuring the rights of EU citizens. In Ukraine in 2014-2017 the rights of citizens and especially the freedom of speech is systematically violated. With the growing heterogeneity of the EU composition in terms of development of individual member states and national socio-economic models, it is becoming more difficult to implement any agreed "European social and economic model". Great Britain, Italy and the problems of Greece can be an example.

Adopted format of the EU institutional reform is not always sufficient to ensure the effective functioning of the system for harmonization of national interests of 27 member countries. For example, Germany's position on migrants from the East caused protest in many EU countries, signing of an association agreement with Ukraine for more than two years cannot be agreed and ratified by a number of European Union member states.

Prospects for Ukraine's entry into the EU are directly dependent on the current domestic institutional EU reform. Opinion of a separate country becomes the base. As the experience of last three years showed, Ukraine was not ready to live the laws of the European Union, the main problem for Ukraine is the lack of governmental desire to make reforms and to develop the state; the reforms are discussed but not implemented.

The processes of globalization and global trade liberalization within the WTO have serious impact on the integration process within the EU. Globalization, world

trade liberalization has led to the devaluation of such relatively simple and obvious benefits of EU membership, as the obstacle-free economic cycle, increased competition, as similar mode can be set up in the global economy as a whole. Under these conditions, not free trade relations and issues of customs tariffs but the positive integration measures: coordination of economic policies, mutual adjustment of economic structures of the countries, the implementation of major cooperation projects has a large multiplier effect. Thus, in terms of progress of the global regulation system (in the period after the first wave of the global crisis of 2008-2009 there was no viable alternative; during the global crisis of 2015-2016 there was a similar situation), important changes will occur in the European integration mechanisms in the nearest future.

Following the elections in France and Germany, the European Union may evolve along two lines. The first line will be associated with the strengthening of the complementarity principle in the EU's management structures. This will discharge the European Union communitarian organs from unnecessarily large amount of features focused at the level of the EU governing bodies; they will be partially transferred to the national and regional level.

In particular, the issues of agricultural policy, and reduction of costs for these purposes in the EU budget. Conversely, there is a greater concentration of joint efforts and pooled resources on strategically important issues that have decisive importance for the global competition success. We are primarily talking about the issues of science and technology policy and the policy of information technologies development, which are the most important areas of economic cooperation. Ukraine should take into account and be ready to such promising changes in priorities within the EU.

Another key trend in the EU evolution is the long-term changes in the structural configuration of the European integration process. Moreover, its spatial configuration is different with respect to different areas of economic cooperation.

In several key areas, including the development of scientific and technological spaces, the creation of modern infrastructure (communications and transport), the development of new, non-conventional energy sources, manufacturing of products for environmentally sustainable development, and possibly a number of others, the integration process within the EU will be the basis of EU's movement out of its bounds: the development of a wider process of European economic space and even greater process within the Eurasian space, which do not necessarily have to be identical to the governing bodies of the European Union.

The current and future reforms in the expanded EU will have significant long-term effects that can change significantly in the long term the priorities, mechanisms and spatial scope of the European Union's activities. In the future, we will deal with a different Union, and to be integrated into its structure Ukraine will need to apply revised approaches to its integration policy, taking into account the EU realities, and its development strategies.

In these circumstances development of Ukrainian rational strategy of relations with the EU should not focus on political activity in the direction of getting

promises regarding guaranteed membership in the European Union, which for many years, and especially now forms the basis of Ukrainian European integration policy. Ukraine needs, first of all, to fulfil its commitments to the EU to become a European country.

This strategy should have a proper adaptability to possible alternatives and variations in the long-term EU development and include (as an option) membership in the Union, and the possibility of an integration-type relations without membership: implementation of a model of relations within the Europe-wide (or wider Euro-Asian) economic area, which the countries participating in the EEA have today. However, the process of adaptation to the EU strategy should not turn during the Ukrainian European integration into passive submission to the dominant EU principles as this could do great harm to the strategic interests of Ukraine.

So, for example, the growing focus of the EU and its member states on the severe norms of environmental protection may have the effect of strengthening the competitive advantages of Ukraine in sectors that are particularly sensitive to competition based on price parameters of goods, because the production costs are rising in the EU at the same time. It can strengthen, *ceteris paribus*, the incentives to move some more technologically simple and not very environmentally-friendly manufacturing facilities from the EU to Ukraine. But such integration can be hardly called favourable trend in terms of long-term strategy of Ukraine, although it would help the expansion of trade with the EU. Indeed, in this case Ukraine would receive the role of provider of products with a relatively low value-added costs and low technological level. Moreover, such production facilities would have the flaw that they would be technologically linked to the European parent companies, and would be subordinated to their development strategies.

This kind of threat with certain new elements already exists for Ukraine in the EU's energy strategy that is driven by a significant expansion of the scope of biofuels consumption. As the current EU countries are able to provide by their agricultural areas and cover not more than a third of the long-term needs, it is a real possibility of turning Ukraine into a specialized producer of rapeseed for energy needs of Europe with the appropriate substitution of imports for the country's domestic production. Such specialization of Ukrainian agriculture will not be benefit for Ukraine from a strategic point of view; it creates a one-sided technological and market dependence, besides endangering the issue of food security of the country.

UKRAINE - EU INTEGRATION STAGES

As of 2010, Ukraine and the EU were in the final stage of the second phase of its engagement in the "neighbourhood" format. This step was initiated on February 21, 2005, when the Ukraine - EU Cooperation Council officially adopted the Ukraine - EU Action Plan, which replaced the first phase of "partnership and cooperation" (formally entered into force in March 1998, although an appropriate agreement was signed in June 1994), and introduced the new elements in the parties' interaction, including the following:

- Transition from a simple partnership and cooperation to partial integration, including promotion to subsequent participation in the EU internal market and the ability of Ukraine to take an increasing part in key aspects of EU sectoral policies. Ukraine's preparation for the participation in the EU internal market has become an important step;

- In certain priority sectors of the industry in the areas harmonized in the EU, including: joint definition of priority areas to bring them into line with international and existing regulatory practices in the EU and possible accession to the Agreement on Conformity Assessment and Acceptability of industrial products (ACAA); harmonization of the necessary framework and sectoral legislation in priority areas with EU technical regulation system; revision of existing Ukrainian standards, providing them with the best practices of the EU member states to strengthen and develop the possibilities of Ukrainian institutions in the field of market surveillance;

- In the area of agriculture and food industry, this process is approximating to EU legislation in the field of food chain monitoring "from field to table" and to the general principles and requirements of food safety, as well as joint determination of steps towards agreements on sanitary and phytosanitary issues;

- In the energy sector: providing opportunities to participate in the Intelligent Energy Europe programme; a gradual transition to the principles, on which EU internal gas and electricity market is functioning; connection of Ukraine to the trans-European networks;

- Increasing financial support to Ukraine through a new European Neighbourhood and Partnership Instrument (ENPI), as well as the funds of the European Investment Bank, intended for investment in the infrastructure projects;

- The possibility of opening or increasing participation in the Community programs, which will contribute to the development of cultural, educational, technical, scientific relations and relations in the sphere of environmental protection; a special place here is occupied by the Ukraine's integration into the European Research Area by means of a special "Action Plan for the deepening of cooperation between Ukraine and the EU in the field of science and technology";

- Support in adaptation of the legislation to the EU norms and standards by means of targeted support, including through the mechanisms of technical assistance information exchange (TAIEX) and new project implementation mechanisms (Twinning).

At the same time, without waiting for the completion of the second phase, the parties have begun consultations, and then negotiations on parameters of transition to the third stage of interaction in the form of political association and economic integration with the FTA creation.

Negotiations that initially took place in a sufficiently vigorous regime and, as it seemed to many people, had a chance to be successfully completed before the end of 2009, however, were stalled for a number of reasons. In part, they were exogenous in relation to the system of interaction between the parties that was associated, on the one hand, with the onset of the global financial and economic

crisis, which had an extremely negative impact on the EU economy and even to a large extent it affected the economy of Ukraine; on the other hand, the deceleration was a direct result of the sharp political struggle in the presidential campaign of 2009 and then a substantial correction of policy in Ukraine in the period after the elections. However, to a very large extent, this was a direct consequence of the important imbalances and asymmetries accumulated in the system of interaction (primarily economic).

In the process of implementing the Ukraine - EU Action Plan the major problem of lack of proper balance between the obligations of both partners was revealed, which is clearly a consequence of certain errors in the initial positioning of Ukraine regarding the Plan of Action. Obviously, this imbalance must be corrected in the process of working out a new format of cooperation between Ukraine and the EU. After all, quite a romantic approach of the initial period of the negotiations regarding the new agreement (Association plus SGI) has shown that it cannot bring positive results, if a number of important requirements for such agreements or arrangements is not taken into account, but there will only be a desire to conclude an agreement for the sake of agreement (a sort of self-legitimization of power through giving it a "European" attribute).

Amore pragmatic approach should, however, take into account a thorough assessment of Ukraine's possibility to institutionally "digest" the European innovations (institutional capacity factor) and provide appropriate funding for the relevant measures for transformation and adaptation (implementing costs factor). But the main thing is that this approach must be at the same time strategically oriented. It means that the core of it should become an active part in the European program to improve the competitiveness and innovation, restructuring the society, which is based on knowledge, and if we want to focus on Europe, we should integrate in it as a developed community, but not as an underdeveloped appendage to the supplier of raw materials and semi-finished products, as well as cheap labour forces.

This agreement contained only a few, lowly cohesive and sporadic steps, which sometimes are quite extensive in terms of the prospects being opened. Thus, among the many achievements in the sphere of cooperation in the fields of high technology, we should note an agreement on the participation of Ukraine in the European program of satellite radio navigation Galileo Program, signed on December 1, 2005, which applies to the scope of research and development, manufacturing, servicing and market development, standardization, certification and frequency regulation. It was the first step in spreading in the territory of Ukraine of the European system EGNOS (European Geostationary Navigation Overlay Service). Another important aspect was the conclusion on 01.12.2005 of the first agreement between the EU and Ukraine in the field of civil aviation, ensuring easy access of European airlines to the Ukrainian market and opening up the space for Ukraine's entry into the EU's common aviation area. 25 cooperation projects received support within the framework of Ukraine's participation in the Sixth Framework Programme of the EU.

At the same time, the intensification of the policy of innovation and increasing competitiveness in the EU has put on the agenda the problem of an active involvement of Ukraine in the programs generated in this area, and especially within the Framework EU Competitiveness and Innovation Programme for 2007-2013, including the following priority directions:

- Assistance Program for the policy of information and communication technologies, including its components: e-Europe Initiative; a new program to promote the policy of information and communication technologies in 2010: European Information Society; development of the European information space. In this context, Ukraine is interested in such mechanisms as:

- eTEN scheme (TEN Telecom), supporting the adoption and deployment of trans-European services based on ICT;

- eContent program aimed at the development of innovative European digital technologies;

- MODINIS program for the provision of direct support to implementation of the e-Europe Program;

- Programs of intellectual energy development in Europe, including such priorities as:

- Energy efficiency and rational use of energy, in particular in the sectors of construction and industry ("SAVE");

- New and renewable energy sources for decentralized production of electricity and heat and their integration into the local environment and energy systems ("ALTE NER");

- Energy aspects of transport, the diversification of fuels, such as through the development of their new types and renewable sources; as well as renewable sources and energy efficiency in transport ("STEER").

The key economic issue in the complex of tasks to develop a new format of interaction of Ukraine and the EU was signing of an agreement on free trade, but its effect is negligible for Ukraine, and the ratio of benefits and costs is not sufficiently advantageous. The main reason is not compliance of the Ukrainian goods with EU standards. Ukraine was not ready for implementation in the short term of in-depth free trade regime, especially since such a regime provides for free movement of capital (the latter is usually a requirement for highly developed countries of OECD members). This is even more problematic because Ukraine has signed an agreement with the EU on accession to the WTO and the free trade zone but it still could not fully adapt to the new trade regime established within the framework of its accession to the WTO, which was an important factor in enhancing the effects of the global financial and economic crisis, military operations in the East of Ukraine and breaking trade relations with the Russian Federation. The Academician of the National Academy of Sciences, Doctor of Economics, Professor V.M. Geyets believes that the effect of the free trade zone with the EU for Ukraine is still not very well understood, and the consequences, especially in the conditions of the global crisis and after it, are not projected. It is

obvious that the ways to a free trade zone with the more developed countries cannot be unambiguously beneficial for Ukraine, and that is why Ukraine should have its long-term strategy (Heyets, 2015, pp. 126-127).

On the other hand, there is a fairly critical EU's assessment of the Ukrainian progress in compliance with the principles needed to reach new prospects in their relations (European Neighbourhood and Partnership Instrument, Ukraine. Country Strategy Paper 2013-2016). We must agree with this assessment. EU comes from the fact that forward promotion may be the result not only of political expediency, but realistically attainable institutional improvements in Ukraine (Siolenko, Kuziakiv, 2003, pp. 71-99).

The fourth stage of European integration was in 2010-2013 (change of President in 2010), and it was based primarily on political goals, prevailing over the economic arguments. In such circumstances, the possibility of Ukraine's entry into the reformed European space depended entirely on the precise treatment of the issues of the structure and the temporal sequence of the individual measures, transferring the relations to a qualitatively new level. The differentiated approach was inevitable, taking into account the real readiness to withstand the corresponding implementation costs and adaptation difficulties in individual sectors of the economy, as well as the use of asymmetric approach of the EU "leadership" in the liberalization process.

Eventually, in November 2013, Ukraine has refused to sign an association agreement with the EU; as a result, it caused discontent of the Ukrainian society, has led to the Revolution of dignity and change of government in 2014.

In June 2014 the Association Agreement with the EU was signed, but it was not ratified by a number of EU countries, especially violent discussion was developed in the Netherlands; to somehow resolve this problem Ukraine renounced its plans to enter the EU, but the issue of the association remains open in the legal aspect. From June 2014 the fifth phase of development of relations between Ukraine and the EU began. This stage of development of relations with the EU is based on the need for reforms in Ukraine, fighting against corruption, the adaptation of the Ukrainian legislation to the European standards, the further democratization of Ukrainian society, and development of economic institutions and settlement of their activities.

But solution of these issues is not successful. For example, five institutions to fight corruption were created, but corruption in the military authorities is rampant. 100,000 tax declarations of the representatives of the government and deputies showed tremendous wealth of Ukrainian officials: 12 billion UAH in hryvnia equivalent that can be stored at home are owned by the people's deputies only. Moreover, it is not the money of those MPs who have come out of business, but those who until 2014 was poor and came to the parliament for revolutionary ideas. Another example: the head of the NBU Valeria Hontareva received 316 billion UAH of personal income, but the National Anti-Corruption Bureau of Ukraine has not initiated any criminal case. Such examples are numerous. The democracies, freedom of speech, the rights of citizens defined by the Constitution of Ukraine,

are completely curtailed in Ukraine. A significant differentiation of the society took place in Ukraine; the middle class was destroyed. The structure of society is determined as follows: 90% are poor people and 10% are rich. The real sector of the economy is not reformed. Ukraine is focused on the import of those goods and services, which it can fully produce by itself: coal, food, products of the chemical industry, metallurgical complex. The Ukrainian economy is not competitive on the European market for goods and services. The problem of migration of the population of Ukraine is acute; only for the period of 2014-2016 5 million of Ukrainian citizens migrated mainly in Russia, Poland, Canada, Germany, and the United States (European Neighbourhood and Partnership Instrument, Ukraine. Country Strategy Paper 2013-2016).

Ukraine has a historic opportunity to make a real step towards the European integration or to remain on the margins of history. The European Union did everything for Ukraine to have a chance to become a European country, but Ukraine itself will not do this step.

CONCLUSIONS

The European Union, being a successor of pre-existing European Communities, as the integration project is the product of a long development, during which there was a gradual not only objective (the number of areas to be included in the integration process), but also the subjective (number of member states) enlargement.

This process is accompanied by constant self-renewal of the community, the introduction of new principles and mechanisms of interaction and effective enough (at least until the last "will" extension) smoothing of variations in the levels of socio-economic development of its members, which provided the necessary homogeneity, and hence the integrity of the integration community.

The project of an unprecedented enlargement of the EU implemented for the first decade of the twenty-first century, was accompanied by radical measures on internal institutional reconstruction of the EU and ensuring its global role increase, based on the communitarian competitiveness policy, is not able to provide a basis for firm conclusions on the future of the EU yet.

The serious impact of the global financial crisis of 2008-2009, the global crisis of 2015-2016, the flow of migrants from the countries of the East Asia, Africa, and deepening of terrorism in a number of EU member states (not only new ones) is an evidence of the presence of serious imbalances and asymmetries in the structure of the community, which may put into question the long-term development. These problems are greatly exacerbated by the heterogeneity of the Community in many important socio-economic parameters, which increased strongly after the recent extensions of the Union.

The key issue, on which the future of the European Union and its opportunities to be the centre of gravity for the third countries and regions systematically depends, is its ability to implement the strategy of innovative development and ensure its global competitiveness. The first decade of the twenty-first century has

not yet given a positive response to this question. Implementation of the Europe 2020 strategy remains important.

The period up to 2020 is likely to be decisive in this respect, especially in view of the magnitude of global transformation processes, intensified under the influence of the global crisis.

The future of Ukraine in terms of integration with the EU and ratification of the Association Agreement, and its future possibility to become the EU member state depends on the political will of the Ukrainian Government, and the President of Ukraine. Today Ukraine can implement a policy of "successive approximation" to the EU only. Ukraine is a large country, but the existence of many unresolved important issues inside separates it from the European Union.

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