

INCREASING THE COMPETITIVENESS OF THE NATIONAL ECONOMY AS A FACTOR PROMOTING ITS EUROPEAN INTEGRATION PROCESS

Statement of the problem . Ukraine's movement through the integration must necessarily correspond with contemporary global processes; consider their main tendencies, the positives and contradictions. Modern integration processes should be seen as an objective the development of an irreversible process of the world economy, which requires consideration of many factors. The only comprehensive way to mutual understanding between the two countries, the company is a constructive dialogue with the fact that, ideally, is almost impossible to achieve a simultaneous understanding of modern civilizations.

Real impact on the formation of the current economic structure and future economic environment in Europe Ukraine can be achieved by dynamic growth, enhance competitiveness of the economy and the transition to innovative development. This should be a key objective of government economic policy, whose main goal is to create the prerequisites for Ukraine's accession to the EU. That is why today is a topical study of competitiveness of the national economy.

Analysis of recent research and publications. Note that the question of studying the competitiveness of the national economy on the international scene the subject of many works of foreign and Ukrainian economists. Among the foreign authors studying the problem of competitiveness can be identified D. Daynen, M. Porter, A. Thompson, R. Fatkhutdinov and domestic – M. Voynarenko, B. Kvasnyuk, V. Lagutin, A. Peresada, I. Sivachenko, S. Sokalenko, V. Suharsky, A. Filippenko et al. In particular, the completions of their scientific problems of formation of optimal competitive policy of Ukraine , the factors of competitiveness of domestic goods and various approaches to the construction of the integration strategy of the Ukrainian economy into the world community . But to this day there are still many issues to improve the competitiveness of the Ukrainian economy on the international markets, which require further investigation.

Statement of the problem. Based on the theoretical, practical and scientific relevance of the topic, the author aims to summarize and analyze the reasons for the low competitiveness of the national economy and to identify ways to improve it in a modern transformation, globalization and integration processes.

The main material of the study. According to many economists, in Ukraine, there is a good starting conditions in order to gradually integrate into the global processes. It has a powerful scientific-technical, intellectual capacity, highly skilled workforce and is in a very advantageous location geopolitical space that is crucial in the modern production. Administrative-command mechanisms largely eroded, creating a final opportunity and rapid withdrawal of the totalitarian system and the construction of modern forms of economic and administrative mechanisms are not burdened by the past.

Ukraine's participation in the European integration process and expand on this basis, the foreign trade turnover enable it to effectively solve many problems. Moreover, we note that it is the economic and political interests of the West in the context of the integration of Ukraine allow developed countries to focus on their socio- economic problems, and then count on the financial and economic assistance. European Union countries are interested in the Ukrainian market, which has a large capacity and is an exceptional synthesis of cheap but highly skilled workforce and favorable economic conditions.

So, on the basis of the above, Ukraine needs to develop ways to increase its global competitiveness.

Competitiveness depends on the ability of the state to create economic and legal environment that is conducive to sustainable value creation process. This process emphasizes the stability of the country's competitiveness in the future. Therefore, the assessment of a country's competitiveness requires not only international success of domestic firms, but also the nature of the investment process, the development of scientific-technological potential.

Therefore, to achieve the country's competitiveness in the global market are considered first of its competitive advantages. Some domestic economists focus on the competitive position of the national economy of participation in international trade on indicators such as the proportion of countries in the world markets, import quotas, etc., Arguing that the conquest of the country substantial market for a certain product increases its competitive advantage. But neither positive or negative balance or amount of the export market or the exchange rate of the national currency by themselves cannot provide complete information regarding the dynamics of competitiveness [1, p. 44].

By the method of evaluation of the competitiveness of the economies of the world by the World Economic Forum, as of 2012-201, a group of leaders in the global ranking represent Switzerland, Singapore, Finland, Sweden, the Netherlands, Germany, United Kingdom, United States, Hong Kong and Japan [5, 9]. The former Soviet Union remains the leader in Estonia, although down from 33 to 34th place. The situation is similar with regard to Lithuania. In this case, the best growth was in Kazakhstan, who managed to rise from 72 to 51 seats, Georgia - from 88 to 77th place, Latvia - from 64 to 55th place, Azerbaijan - from 55 to 46th place and Moldavia - from 93 to 87. Russia has worsened the result, dropping from 66 to 67 seats [5, 9].

Regarding Ukraine, in terms of the Global Competitiveness Index, Ukraine took the 73rd place (between Montenegro and Uruguay) among 144 countries in the world and has improved its position by 9 points. Ukraine's position raises the second year in a row (after falling by 17 points in 2009-2010) and reached the pre-crisis level [3, 9]. Dynamics of Ukraine in the Global Competitiveness Index is shown in Figure 1.

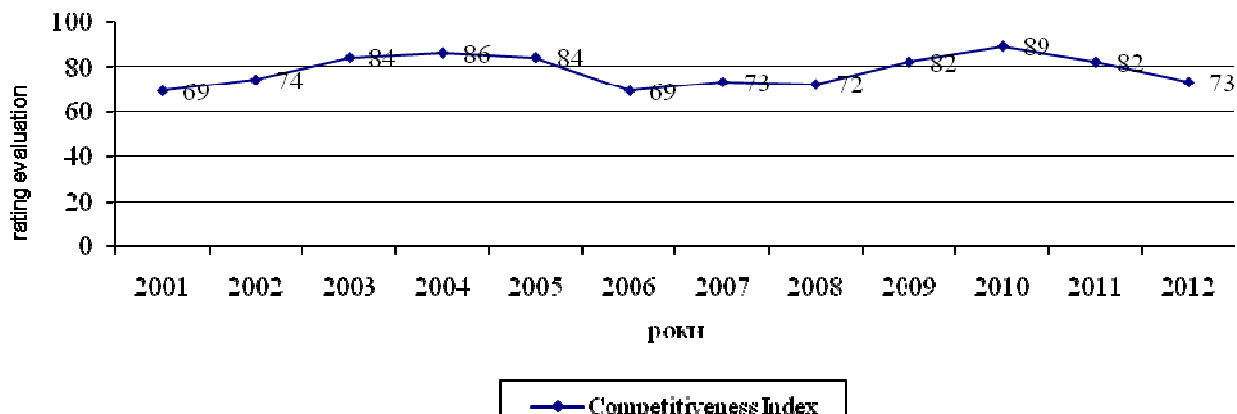


Fig. 1. Place of Ukraine in the Global Competitiveness Index in the years 2001-2012

Source: [3]

If we estimate the distribution of countries in terms of competitiveness of the economies in the world, the list of competitive advantages of economy of Ukraine, which is characterized by the development of social and industrial infrastructure, the pace of economic development of the national economy, heavy industry, education and sport can be represented as follows (Table 1):

Table 1

The main competitive advantages of economy of Ukraine

Competitive advantages	Rating evaluation
Quality of primary education	47
The ability to innovate	39
Quality of railroad infrastructure	30
Women's participation in the labor force	35
The ratio of productivity to the level of payment	35
Government debt	18
Access to higher education	18
The costs of layoffs	18
Practice of hiring and firing workers	16

Compiled by the author based on [5]

Also, the main competitive comparative advantages of the economy of Ukraine are: natural resource base; significant power mining and manufacturing industries, the development of transport infrastructure, relatively high level of skills of the labor force at a low level of its payment; economically advantageous geographical position of the country, and others [8, s. 51]. So, according to the concept of Porter's "competitive stages of development", Ukraine on the majority of its production is at a stage of competitive development, which is due to natural factors. Therefore, to improve the competitiveness of the domestic economy as soon as possible to move to the next stages of competitive development, which are due to investment and innovation [7, p. 588-598].

However, Ukraine is still in the group of countries with an average of competitiveness, and significantly behind the developed countries. Given that Ukraine's economy is industrially-agrarian, and to meet the public needs to promote the production of products with mainly high added value – such a state is unacceptable.

Based on the analysis of the components and the results of the survey ranking executives of companies of all sectors of the economy can determine the rating of the competitive disadvantages of the economy of Ukraine is presented in Table 2.

Rating competitive disadvantages of economy of Ukraine

Competitive disadvantages	Rating evaluation
Burden of taxation	120
Trade Barriers	120
Quality of highways	115
The rate of HIV-AIDS	107
Inflation	105
Restrictions on the movement of capital	100
The effectiveness of antimonopoly policy	95
The outflow of skilled workers	90
The average life expectancy	87
The spread of tuberculosis	85

Compiled by the author based on [5]

The analysis showed that the biggest problems that inhibit the growth of competitiveness of the national economy are: the high cost of credit; an excessive overall tax burden; non-transparent system of tariffs for services of natural monopolies and infrastructure services that affect pricing in other sectors of the economy; failure to cover the prices and rates of economically justified costs of production, services and investment component; high energy production and consumption of energy resources, much of which is imported to Ukraine; deterioration in the terms of a cluster of cooperation between industries in the country; reducing the use of cheap labor and raw materials as the main competitive advantages in foreign markets; low level of innovative activity of economic entities aborted due to economic incentives for attracting investments in innovation and modernization process; low efficiency of state support for the national economy; insufficient development of small and medium enterprises; low ethical behavior of companies in foreign markets; lack of transparency of government decision-making; ineffectiveness of auditing and accounting standards; ineffectiveness of the judicial system; ineffective use of the State budget; public distrust in politicians; ineffectiveness of corporate governance; high levels of organized crime.

Therefore, considering the competitiveness of the national economy in the world economy, it is possible to identify the main causes and consequences of competitive factors imbalances Ukrainian economy during the economic transformation and under the influence of the European integration process (Fig. 2).

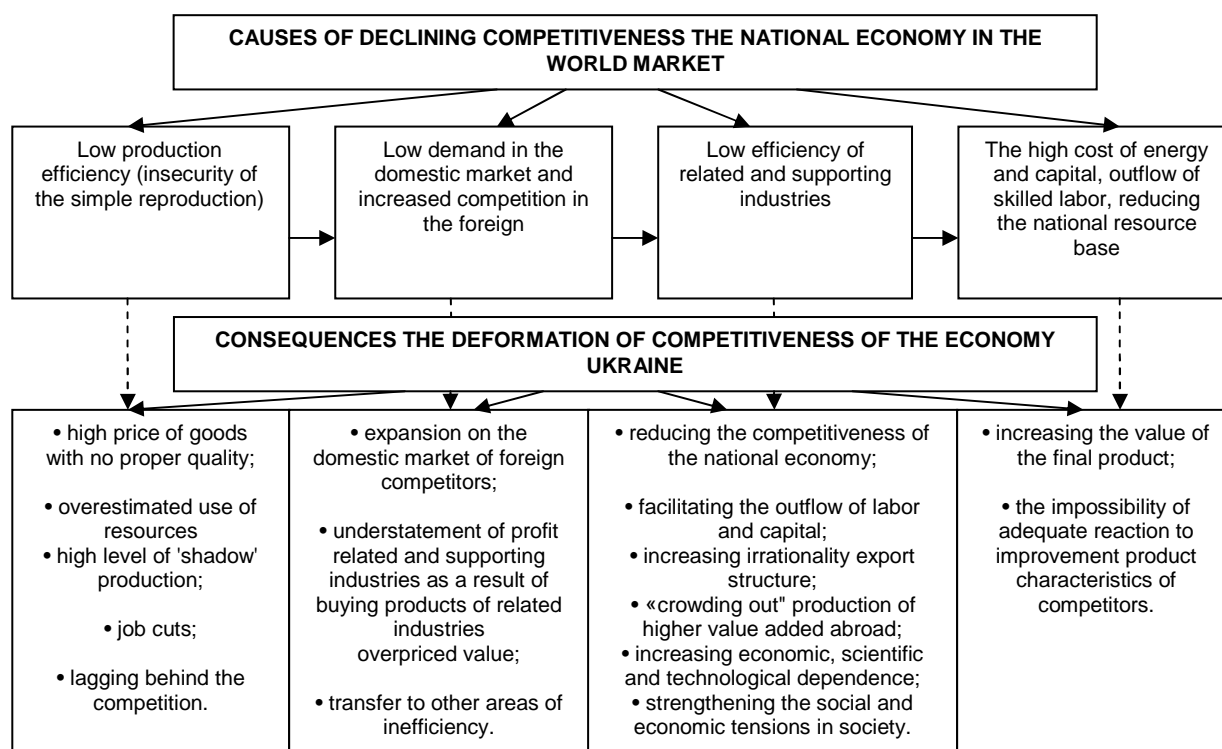


Fig. 2. Causes and effects of deformation factors of competitiveness of the economy of Ukraine in European integration

Compiled by the author.

So, to eliminate the negative effects of reducing the competitiveness of the domestic economy in the world market to leverage the use of the system of socio-economic environment conducive to the development of modern factors of competition and competitiveness. Such an environment requires strengthening the economic interests of entities based on productivity of resources, first of all – labor. Improving the competitiveness of the national industrial production is linked to the reform of the economy and should be directed at addressing the factors that negatively impact on the economic situation and cause the crisis processes.

In recent years Ukraine has accelerated competition policy, but the share of the monopoly sector to GDP is more than 40% (normal level is 10-12%). The main impediments to these processes is poor access to capital; low investment incentives; unequal conditions of competition; the low level of quality management in enterprises; lack of integration into the world economy; the lack of flexibility of the labor market [4, p. 17].

Therefore, the public policy objectives for the effective formation of the strategy for achieving international competitiveness of the national economy in terms of European integration should include: improving existing tariff systems in the spheres of natural monopolies; ensure the maintenance of an optimal level of inflation that will not interfere with economic development; incentives to reduce cash in the money circulation; balancing public finance with the real possibilities of the national economy; ensure financial stability; elimination of the shadow economy; the reduction of administrative barriers to entrepreneurship; improvement of procedures for obtaining of permits; reducing interference regulatory authorities in economic activity; normative-legal regulation of the gambling business; increase the responsibility of employers for violating labor laws and wage conditions; the formation mechanism and procedures for evaluation and prospects of development of small and medium-sized businesses and the level of efficiency of state support; the development and introduction of new technologies to the development of domestic production and innovation-based economy; the creation of the bank development in order to stimulate and support the development of priority sectors of the economy, investment and innovation projects, bringing them to finance long-term foreign investments in the economy of the state.

Separately, we note the importance of enhancing the innovation processes in enhancing the competitiveness of the economy of Ukraine. Unfortunately, in recent years more than 80 % of industrial companies are not engaged in innovation activities due to lack of government financial support.

Today, more than 90% of the products produced in Ukraine does not have a corresponding scientific and technological support. As a consequence, the domestic products are becoming less competitive and increasing the share of exports in mineral raw materials and products obtained after the primary treatment.

Experts say that to create real conditions for the transition of Ukraine's economy to an innovative model of development, the State wise to pay attention to the creation of innovative mechanisms to cover risks. To this end, at the national level is necessary to develop such measures: create the conditions for capitalization of intellectual property; create a system of incentives that would promote and attract domestic and foreign capital investors, as well as large enterprises to invest in the development of venture (risk) of innovative companies and projects and develop a clear system of providing government guarantees loans promising innovative projects [2, p. 44].

In reforming the Ukrainian economy transition to an innovative model of development is primarily the search for new sources of funding for innovative activities. The best option of the innovation component of the economy should be the creation of new economic-territorial formations (technology parks, business incubators and regional innovation funds, venture capital firms) that will support private sector participation in the financing of research and development and the process of introducing new technologies into production.

Conclusions and further research. Thus, competitiveness is a key factor in the reproduction of the national economic system. That is the level of competitiveness of the national economy depends on whether the increase in the rate of consumption (both through direct wage increases, and through fiscal transfers to consumption) is able to provide a cumulative positive effect in the form of increased activity of economic entities, which, in particular, will generate additional investment resources for the competition.

In our opinion, there are reasonable grounds to conclude that Ukraine has a chance to improve their position in the global market. Achieving these goals is possible only through a competitive public policy, which includes: the development of potential export sectors of the economy in line with the trends in the global market; the investment and innovation activity in the regions of Ukraine; introduction in manufacture resource-, energy- and ecological-efficient technologies; support scientific and technological development; promotion and support of high-tech exports; the study of perception and best practices of other developed countries in the implementation of policies to improve the competitiveness of the economy.

References

1. Goncharova, N. (2006), "Conceptual parameters of competitiveness of the national economy", *Aktualni problemy ekonomiky*, no. 8, pp. 43-52.
2. Goncharova, N. (2007), "Innovation competitive factors of economic development", *Aktualni problemy ekonomiky*, no. 3, pp. 43- 51.

3. State program enhance economic development in the 2013 - 2014 years (approved by the Cabinet of Ministers of Ukraine on February 27, 2013 № 187), available at: http://kmu.gov.ua/control/publish/article?art_id=2462470594.

4. Dovbenko, V. (2007), "Factors increasing the competitiveness of domestic enterprises in the conditions of globalization", *Zovnishnia torhivlia: pravo ta ekonomika*, no. 4, pp. 15-21.

5. Global Competitiveness Index 2012 – 2013 / Ukrainian National Grid, available at: <http://ung.in.ua/ua/news/62/>

6. Concept of the State competitiveness of the national economy for 2007 - 2015 years, Kyiv: National Academy of Sciences of Ukraine, 2007, 220 p.

7. Porter, M. (1990), *Competitive Advantage of Nations*, New York: Free Press, 896 p.

8. Radzievska, S. (2007), "Ukraine's participation in the regional integration process and its impact on the competitiveness of the national economy", *Zovnishnia torhivlia: pravo ta ekonomika*, no. 1, p. 49-55.

9. "Rating competitiveness of Ukraine" (2012), *Securities Ukraine*, no. 34(731), p. 1.

Dubyk V.Ya.

INCREASING THE COMPETITIVENESS OF THE NATIONAL ECONOMY AS A FACTOR PROMOTING ITS EUROPEAN INTEGRATION PROCESS

Purpose. The aim of the article is to analyze the reasons of the low competitiveness of the national economy and to identify ways of its increasing in the modern transformational, globalization and European integration processes.

Methodology of research. Methodological and theoretical basis of the article is the works of leading foreign and domestic scholars on economic globalization and European integration. Methods of economic analysis, including logical and theoretical, historical and systematic, methods of analysis, synthesis and comparison, economic-mathematical methods of calculating indices of competitiveness of the national economy and indexes of identifying the comparative advantages and disadvantages of foreign relations, methods of forecasting, economic modeling to justify recommendations to improve the competitiveness of the national economy in the modern world were used in this article.

Findings. It has been determined and analyzed the reasons of low competitiveness of the national economy into the world economy and defined priority directions of its improvement in the modern transformational, globalization and European integration processes.

Originality. It has been substantiated the analysis of the reasons of low competitiveness of the national economy; scientific and practical recommendations for improving the competitiveness of the national economy in the modern transformational, globalization and integration processes have been improved on this basis.

Practical value. The results and recommendations of the article can be taken into account during the preparation of summarizing scientific research about the economic and trade relations between Ukraine and the EU countries.

Basic theoretical concepts, methodological approaches and conclusions of the article can also be used in the educational process of higher education of financial and economic direction.

Key words: Competitiveness, competitive state policy, index of competitiveness, national economy, competitive advantages, competitive disadvantages, innovative activity, European Union, European integration.