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ECONOMIC THEORY

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PATTERNS AND TRENDS IN THE EVOLUTION OF THE THEORY OF SUSTAINABLE DEVELOPMENT

The article is devoted to the main patterns and trends in the evolution of the theory of sustainable development, which require constant attention in order to improve process management in the field of development. The stages of evolution of ideas about the interaction between man and nature have been identified with the help of the analysis of the first attempts at understanding the possible ways of human development made by philosophers and economists by the 1970s.: 1) utopian idea of "ideal" state system built on the principles of justice, contributing to stable social development; 2) the idea of social organization that defines the path of human development; 3) awareness of the human impact on the environment and of the need for interaction between society, nature and man. The decisive role in forming the UN and the evolution of the concept of sustainable development has been determined. In terms of periodization of the evolutionary process of the world community understanding of the necessity of interaction of components of sustainable development (economic, social and environmental) and the adoption of United Nations documents to address issues in this area, the stages of evolution theory of sustainable development have been determined: 1) understanding the relationship between economic and social factors of development (1945 - 1970 years); 2) awareness of the need for sustainable development in its three components: economic, social and environmental (1971 - 1991); 3) development and implementation of a specific action plan on sustainable development (1992 - present). Taking into account the specified stages of formation and evolution of the theory of sustainable development is necessary to cover basic theoretical positions and to develop the measures to improve the management of the development process.

Keywords: sustainable development, evolution, economic growth, social progress, environment

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METHODICAL FORMATION ASPECTS OF PRODUCT COMPETIVENESS AS THE MAIN LEVER OF THE EFFECTIVE MANAGEMENT OF ECONOMIC ENTITIES ACTIVITY

There is a need in the current market conditions for development of the concept of evaluation, management and improvement the competiveness level and search approaches that include market factors with using of the integrated marketing and information communications, reorientation of the administrative levers to the organizational-economic management methods, flexible system of standardization and certification of products. Economic entities faces a huge number of internal and external problems such as: market vulnerability for low-quality products invasion; non-use of the STP achievements; inefficiency of competitive strategy and innovation policy, marketing of technologies and customer service; irrational combination of tactical and strategic objectives; lack of information about new markets; low level of cooperation and integration; competitive pressure etc.

Problem of production competiveness is the object of many scientific researches by the domestic (such as G.L. Azoev, G.L. Bagiev, I.V. Maksimova, R.E. Mansurov, R.A. Fatkhudinov and others) and foreign scientists (such as I. Ansoff, P. Dixon, F. Kotler, J.J. Lamben, M. Porter and others). However, there are not fully studied problem of formation the concepts and complex system of evaluation, management and improvement the competiveness level of production as integrated system that arises in the development of competitive strategy, diagnostics of its development and methodological aspects of the research, development of implementation mechanisms with the help of economic-mathematical modeling.

Product competiveness can be defined as a complex characteristic that determines market advantages compared to similar competing products both in the extent to specific public needs and in costs of its satisfaction, which enables implementation of this product at a particular time on particular market. Product competiveness is due to quality and cost characteristics, which are accounted by the customers according to their immediate relevance to the products.

Achievement of the high-level product competiveness is possible at the intersection of three components - competitive products, competitive technologies and methods of production and management process, as well as competitive personnel, which determines the character of the enterprise activity in the product competiveness management. Because excessive improvement of product competiveness may be disadvantageous in terms of getting the maximum profit, there is a problem of determining its optimal level and development of the innovative potential management system and its economic stability, which can be attributed to the most important missions of product competiveness ensuring.

The methodical formation aspects of product competiveness are researched in the article. The conceptual model and mechanism for the product competiveness evaluation was built. The system of parameters and factors of product competiveness was complied. The method of study and economic-mathematical model for the optimization of product competiveness level was
considered.  

**Key words:** competitiveness, competitive advantages, competitive strategy, conceptual model, optimization modeling.

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FEATURES OF FORMATION THE ORGANIZATIONAL-ECONOMIC MECHANISM OF REALISATION THE INVESTMENT PROJECTS AT INDUSTRIAL ENTERPRISES

Determined that the development of industrial enterprises is the driving mechanism for achieving economic prosperity of the country, a way to overcome the crisis, but if they can attract investment capital. It was found that the growth of investment in industrial enterprises not only improves efficiency, but also conducive to the expansion of the product range, competitiveness. It is proved that the effectiveness of increasing the investment of capital depends on the rationality of managerial decisions, conducting a thorough analysis of the investment market, assessing threats to the environment, establishing economic mechanism. Accordingly, the improvement of the economic mechanism is subject to the implementation of organizational-economic mechanism of implementation of investment projects as its component.

The article analyzes the existing scientific and methodological approaches of scientists to the formation of organizational-economic mechanism of management of investment processes in enterprises. Defined as a list of components, elements, and leverage organizational and economic mechanisms. The peculiarities of the development, formation and implementation of organizational-economic mechanism of enterprises. Conducted analysis and evaluation of efficiency of organizational-economic mechanism in various sectors of the economy. Proposed organizational and economic mechanism of realization of investment projects at industrial enterprises, which is a system of interrelated elements of governance, regulation, development and investment activities. Identifies and describes a list of components of organizational-economic mechanism. Clarified that the use of the proposed organizational-economic mechanism of realisation of investment projects must provide, establish a process for the development and implementation of the investment project, but provided that if the company will enhance the level of financial stability, security and economic development. Therefore, the more effective the organizational-economic mechanism of implementation of investment projects, the profitable and feasible is the implementation of investment projects subject to minimize risk, increase returns on investment.

Key words: investment, investment project, organizational-economic mechanism, the components of the organizational-economic mechanism, industrial enterprise.

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2. Демчук Н. Стратегічне планування та організаційно-економічний механізм


The unpredictability of economic activity requires management to take measures to ensure economic security of the enterprise. In order to ensure sustainable development of enterprise, the comprehensive system of ensuring economic security is presented in the paper. Four main phases in the process of ensuring the economic security are identified: planning; monitoring external environment and internal conditions of the enterprise; identification and implementation of measures to respond to threats; and the control and improvement of the system. Depending on the level of economic security were identified four types of strategies: stabilization, strengthening, adaptation and survival strategies. The management of an economic entity can also take into account suggested in the article recommendations to strengthen each functional component of the economic security.

Keywords: comprehensive system of economic security; economic security; functional components; measures; strategies, threats.

Introduction

Economic entities operate under the influence of numerous factors, in conditions of environment instability. The unpredictability of economic activity, lack of reaction to the impact of internal and external threats may lead to undesired consequences in form of job losses, lower production volumes and other deteriorations in enterprise activity. This circumstance requires the management to take measures to ensure economic security of the enterprise. The contribution of this paper is to help the management by presenting the comprehensive system of economic security. Prediction of crises, determination of strategies and ways of overcoming the threatening situation, as well as identification of ways of increasing the level of enterprises economic security become a major challenge in current economic conditions.

The purpose of the article is to present the comprehensive system of ensuring economic security and determine the measures of its strengthening.

The comprehensive system of ensuring economic security of the enterprise.

In present, it is prevailing the point of view according to which the most important goal
of the establishment and functioning of enterprise appears not the maximization of profits but ensuring of the enterprise viability. Profit represents a means to achieve the goal. The comprehensive system of ensuring economic security of the enterprise is a prerequisite for stability and business development.

An effective security management system should contribute to achieving an acceptable level of security by balancing the distribution of funds between production and protection. In many industrial enterprises the production and safety risks are closely interrelated: with an increase in production, the security risks are also growing (Paas et al. 2015).

The process of ensuring the economic security of (EES) enterprise can be regarded as a process of realization of its functional components in order to prevent possible damage and to achieve a maximum level of economic security now and in the future (Goncharenko 2004). In order to ensure and strengthen economic security of the enterprise it is necessary to build its comprehensive system.

The comprehensive system of ensuring economic security of the enterprise represents a set of organs, tools, methods, and events, aimed at protecting the business from the actual and/or potential external and internal threats that could lead to economic losses.

Several important methodological aspects of the system of economic security can be defined. Firstly, under the system is understood the set of elements that are in relationships and connections with each other, and form a certain integrity. All the elements of ensuring economic security are considered in the aggregate, integrity and unity.

Secondly, the system of economic security of the enterprise should be comprehensive. It should ensure the safety of its major functional components: financial, production, human resources, technical and technological by using the whole set of necessary tools, methods, organs. Moreover, all realized measures should be interrelated.

Thirdly, the system of ensuring the economic security should be formed at the stage of starting a business. It is not a complement, but a part of an enterprise, which plays an important role in ensuring its financial and economic activities.

Fourthly, the system of economic security of enterprise can not be stereotyped. It must be individual on each enterprise, since it depends on productive capacity, the riskiness of activities, the state of human resources, the environment and other factors.

Therefore, ensuring the economic security of the enterprise is possible only through a systemic and integrated approach to its organization. Therefore, it is suggested to consider a comprehensive system of economic security of the enterprise.

The purpose of the comprehensive system of economic security of an enterprise is to ensure its efficient operation and sustainable development based on implemented set of measures. Fundamental in achieving this goal is to identify the external and internal factors of the enterprise, and determine ways to prevent, neutralize and minimize them.

The main objectives of a comprehensive system of economic security are:
- collection, analysis, evaluation of data and forecasting the development of the situation;
- studying the partners, customers, competitors, candidates for the job;
- organization of activities to prevent possible threats;
- making decisions to respond to emerging threats;
- achieving a high efficiency of enterprise management;
- monitoring the efficiency of the security system functioning, and its improvement (Lyannoj 2006).

The object of the system of ensuring the economic security involves financial, material, personnel and informational resources.

Ensuring the economic security of a business entity should be based on certain principles:
- the legality involves the development of a security system in accordance with state law;
- the continuity, i.e. ensuring of economic security on an ongoing basis;
• the priority of preventive measures (timeliness). Development of preventive measures will allow to avoid or to minimize the negative effects of potential threats;
  • the timeliness involves the necessity to take into consideration the time factor in the process of making decisions based on previously conducted analysis of economic security. It is understood that measures taken to neutralize the threats are effective only for a short period and require constant adaptation to the new conditions.
  • the economic expediency implies a comparison of the costs of ensuring security with the possible damage;
  • the cooperation and coordination of all business units. According to I. Stratan, all participants of this process must interact with each other; know exactly who is responsible for what and who does what (Stratan 2007).

The main methods of the organization and improvement of the enterprise activity are economic planning, analysis, regulation and control.

The results of the author’s research are presented on Figure 1, where a comprehensive system of ensuring the economic security of the enterprise is presented.

Figure 1. A comprehensive system of ensuring the economic security of the enterprise.

Phases of the comprehensive system of ensuring economic security of the enterprise

The first phase of ensuring the economic security system at the enterprise is planning. Planning involves not only the ability to provide all necessary actions, but also to anticipate any surprises that may arise, and to be able to deal with them. The strategic planning and prediction of economic security of the enterprise are especially important (Goncharenko, Kucenko 2009).

M. Porter defined strategy as the creation of a unique and valuable position, involving different set of activities (Ulwick 1999). According to A. Chandler (1962), the strategy represents the determination of the main long-term objectives and tasks of the company and approval of the course of action, of the allocation of resources needed to achieve these goals. In general, the strategy is meant as a long-term qualitative definite direction of development of the organization, concerning to the scope, means and forms of its activity, the system of relationships within the organization, as well as the position of the organization in the environment that lead the organization toward its goals.

When making business decisions a manager must realize which indicators of the enterprise’s activity he seeks for and what effect these decisions will have on the ability to achieve business goals. Tactical planning is a set of actions, procedures and the economic policy aimed at achieving the current goals and objectives. It can be viewed as a means of implementing the strategy of the enterprise, that is, long-term approach to the achievement of the performance objectives.

The second phase is to monitor the external environment and internal conditions of the enterprise. Monitoring threats of economic security of the enterprise is a result of interaction of its all concerned services. In the process of monitoring, the principle of continuity of the observation of enterprise condition with considering the actual situation and opportunities, as well as the development of the economy, the political situation, and other factors.

To ensure the economic security of the business and to counter internal and external threats it is crucially important to control the financial and economic operations, accounting and other records of the company. For this purpose, the enterprise may conduct an audit either by its experts or by external auditors. A variety of methods and techniques can be used for the implementation of the audits: inventory, expert review, intramural survey, counting verification, comparison of documents, economic analysis and others.
The environment can create a favorable situation for enterprise security, but can also carry hazards and threats. For the environmental analysis, the following aspects should be taken into account: the political situation, the level of the market economy, the availability of raw materials and labor, presence of competitors, and others. Particular attention could be paid to the analysis of customers, suppliers and competitors.

The study of customers allows the enterprise to determine what kind of product will be accepted by them to the greatest extent, how much consumers are committed to the product of the given organization, the possibility of expanding the number of potential customers and other.

Suppliers of raw materials, semi-finished products, and natural resources can affect the enterprise by creating a resource dependency, which allows them to influence the cost price, the quality and terms of production of products, and the efficiency of the whole organization. When choosing suppliers it is important to examine their activities and their potential in order to be able to build such a relationship with them, which would provide maximum strength to the enterprise in cooperation with these suppliers.

In the study of the competitive environment, the enterprise's management should assess how strong the competition is, how it affects the organization; identify the main competitors, the real and potential threats from their side. At the same time, it is necessary to assess the
competitive advantages of the enterprise in order to develop a specific competitive strategy.

   In most part, businesses are powerless when facing many changes in the external environment and they have to adapt to it. At the same time, they can and should influence the processes occurring in the internal environment to ensure their own safety.

   A research on the causes of the bankruptcy of companies in developed countries has shown that "the bankruptcy is 1/3 due to the external to 2/3 - to the internal factors" (Parmaclii et al. 2015). By the authors' opinion, we can consider that it is necessary to examine not only the external environment, but also the financial and economic situation of the enterprise itself. The timely identification of factors that affect level of economic security and the right choice of indicators to measure its level facilitate the identification of risk areas and presenting a complete picture of whether the enterprise is in economic security or not.

   The third phase includes the identification and implementation of measures to respond to threats. The economic security of business entities is provided by the implementation of two approaches: an approach that is based on preventive measures and an approach that responds to threats.

   As the practice shows, the ratio between the costs incurred prior to the occurrence of adverse events and losses, and costs for liquidation of consequences of hazards and restoration of property and resources is equal to 1/15 (Vishnyakov, Harchenko 2001). It is easier to prevent threats than to deal with their consequences. Nevertheless, before implementing measures for prevention of damage and minimizing losses, it is necessary to calculate their cost. To do this, it is necessary to account the required amount of material, technical, labor and other resources. Next it is necessary to compare these costs to the potential losses from the impact of the internal and external threats and determine the effectiveness of the implementation of these measures. Since it may be a situation when the cost value of economic benefits is so minimal that the implementation of measures to prevent threats would be impractical or may even cause additional loss of corporate resources.

   Depending on the existing condition of economic activity of the enterprise, and on the external and internal factors, the ensuring of economic security of the enterprise is carried out by its main functional components: financial, production, human resources, technical and technological. The support from the state it is also very important.

   The fourth phase represents the control and improvement of the system of economic security. Because of the taken measures of strengthening the economic security, the control of their efficiency should be carried out. The system of economic security is not a static phenomenon, but a living organism that requires ongoing management and improvement due to:

   • the changes in the legislation of the state;
   • the development of enterprise and appearance of new areas of economic activity;
   • the increasing number of personnel, changes in the staffing of the company;
   • the appearance of unfair competition on the market and changes in the forms and methods of their illegal activity, etc.

   The main results of ensuring economic security of the enterprise should be the effectiveness of the financial and economic activity of the enterprise, its stability and development.

   Ensuring the economic security of enterprise requires that all possible factors should be taken into account, as this system is individual at the level of each enterprise. In order to counteract the negative influence of factors of the economic security of the enterprise and ensure its stable functioning, it is necessary not only to create a system of comprehensive security, but also to ensure its efficient functioning.
Strategies of ensuring economic security of enterprise.

The enterprise's activities are influenced by many factors. The enterprise can and should take into account all the internal factors, adapt to environmental changes and minimize its negative impact. Thereby, it is necessary to increase the competitiveness of the enterprise, its economic security. The increase of the level of economic security is achieved by improving the management of financial and economic activity.

The continuous implementation of the diagnosis of enterprise financial condition allows to determine whether it is moving in the right direction, what measures should be taken to achieve the goals. Identification of these measures includes three important areas:

- the choice of a strategy of ensuring economic security of enterprise;
- the determination of directions of strengthening economic security;
- the support from the state - includes measures implemented at the state level.

At a high level of economic security, the enterprise must carry out their activities in the framework of adopted strategy. At a low level of economic security, the enterprise should revise the strategy and adopt the one that would provide a transition from the lowest to the highest level of economic security.

In the scientific literature different set of enterprise strategies are considered based on specific features. Corporate, competitive and functional strategies are identified depending on the level of strategic decisions (Bajkov 2015).

In the context of ensuring economic security of the enterprise, we propose to determine four types of strategies depending on the level of economic security (see Figure 2).

Authors propose to consider four levels of economic security. In conditions of high economic security there is applied the stabilization strategy, which is aimed at maintaining the current condition of the enterprise, monitoring threats and ensuring further improvement of performance of the enterprise and its development. In case of deterioration of one of the functional components, the level of economic security reduces.

Strategizing strategy is aimed at improving the economic security of the most vulnerable part of the enterprise, as well as building economic capacity of the enterprise as a whole. In case of the effective implementation of this strategy, the level of economic security of enterprise will increase from middle to high. If the management of enterprise will not take measures to improve the economic security, it may remain at the same level or even decrease.

The adaptation strategy is used in the condition of low level of economic security. It is aimed at the adaptation of the enterprise to market demand, optimization of the costs, improvement of the main indicators of its financial and economic activity.

In the critical security conditions, disorders of the economic activity of enterprise, the survival strategy should be used. It requires rapid and coordinated actions, prudent and timely decisions to improve the situation.

The main objective of the strategy is to move the enterprise from its current condition to another, desired by management. Establishing the type of strategy entails making decisions regarding:

- maintenance of achieved high level of economic security of the enterprise;
- increase the level of economic security of the enterprise through the implementation of measures to strengthen poorly developed functional components.

Directions of strengthening components of economic security of enterprise.

Statistics indicate that 98% of the failures are associated with inadequate business management (Bugaian et al. 2010). That's why effective management of the enterprise and the measures that are taken play a crucial role in ensuring the economic security of the enterprise.
The ensuring of the economic security of enterprise is carried out by its main functional components.

Ensuring the **financial component** of economic security includes following measures:
- the realization of an effective financial management;
- the regulation of cash flows;
- the monitoring of the use of funds;
- the monitoring of the compliance of assets and liabilities by terms and amount;
- the currency risk management associated with the presence of assets in different currencies;
- the regulation of the structure of borrowed capital;
- the planning of long-term investments;
- the determination of the profitability of investment projects;
- the management of investment risk;
- the optimization of payback periods of implemented investment projects and others.
- the formation of reserve fund (self-insurance);
- the insurance of property and risks, and others.
In addition, it is advisable to use such a method of minimizing risks as the self-insurance that means the reservation of funds for unforeseen expenses. The self-insurance consists in creating of own reserves by the enterprise at the expense of regular payments to compensate losses during emergencies. A carefully developed estimate of unforeseen expenses minimizes cost overruns.

Ensuring the security of production component includes providing a continuous production process, cost optimization, the conquest of new markets and other measures aimed at improving the efficiency operational activity of enterprise. The efficient production means the combination of the two directions: obtaining the maximum amount of product with limited resources, as well as, achieving the optimal level of cost minimization.

The directions of ensuring the production component consist in:
- maximization of revenue by expanding the product range, increasing the share of presence in traditional markets and develop new markets;
- improving the quality of products;
- optimization of fixed and variable costs;
- regulation of inventories;
- compliance with ecological parameters of products;
- participation in exhibitions, fairs;
- control of the ratio of receivables and payables;
- control of the repayment schedule of receivables and payables;
- orientation to a larger number of customers to reduce the risk of non-payment;
- introduction of additional benefits in case of early payment;
- application of discount programs;
- reasonable use of such form of customers attraction as commercial loan;
- monitoring the financial condition of counterparties and others.

Ensuring the security of technical and technological component involves planning technologies for the current and future production, the planning of enterprise development and innovation. Technical and technological modernization of production through the introduction of intensive resource and energy saving and environmentally friendly technologies is one of the areas of the restoration of productive capacities. The enterprise may ensure competitiveness in the market, if it will improve its product in accordance with the interests of consumers, use more efficient production technologies. Therefore, recommendations for improving technical and technological component involve:
- ensuring the competitiveness of applied technologies at enterprise;
- monitoring the development of high technologies market and actions of competitors;
- the planning of technological development of an enterprise;
- rational and more complete utilization of the equipment of the enterprise;
- the sale or utilization of technologically and physically obsolete equipment;
- the modernization of the technical equipment of an enterprise;
- R & D budgeting;
- the innovation in the manufacturing process and others.

It is important to ensure the security of personnel component. The effectiveness of economic security largely depends on the human factor. It will be difficult to achieve the desired results until each employee of the enterprise is aware of the need of implemented measures. Therefore, requirements for ensuring enterprise security should be reflected in the order of the management, labor contracts with employees, special instructions, contracts with business partners, etc.

The process of planning and management of human resources should cover all processes from the organization of the selection and recruitment of employees to their continuous training and motivation. According to experts, preventive work with the personnel can reduce the level
of losses from the industrial and economic espionage by 60% (Shlykov 1997). The internal policy of working with staff should be organized in such a way that the number of dissatisfied employees (with wages, official position, etc.) has been minimized, especially among former employees, which can significantly reduce information leakage. The security of personnel component is possible with early detection and resolution of crises in the team.

The system of staff stimulation must provide the employee with the benefits that he can not get from competitors. It should include incentives (bonuses, travel packages, and others) for a qualitative work, compliance with labor discipline and loyalty to the enterprise. At the same time, the staff must be informed about punishment in case of violation of the specific rules of discipline: deprivation of bonuses, of certain privileges, reprimand or even dismissal.

Measures to ensure human resources security involve:
• planning of the need in human resources;
• qualitative verification of candidates for employment;
• evaluation of effectiveness of the personnel activities;
• ensuring the effectiveness of internal organizational communication;
• ensuring growth of employees’ wages in the reporting period over wages in the base period;
• implementation of an effective system of financial incentives for the staff, which depends on the main results;
• moral stimulation of personnel;
• improving the working conditions;
• training of production and management personnel;
• preservation and development of the intellectual potential of the enterprise;
• organization of trainings;
• professional trainings abroad;
• promoting the inventive and innovative activities of employees;
• control over staff loyalty;
• creation of "black boxes", through which information about the cases of abuse of power can go directly to managers and business owners, and others.

Inconsistencies of value orientations between employees and management can lead to disagreements, conflicts that entail decrease in performance of the enterprise. Therefore, provision of organizational culture is carried out in the framework of processes such as recruitment, socialization of employees, promotion of employees. Socialization of workers involves the implementation of professional training; familiarization with organizational values, history of the company; participation in corporate events. Formation of corporate spirit involves the creation of conditions in which employees feel their involvement in the enterprise, the importance of their work, career prospects. There are many tools which include: team building, trainings, corporate events and others.

Conclusions
In the article the importance of ensuring economic security of enterprise was determined. There was presented the comprehensive system of ensuring the economic security of enterprise that consists of four main phases: planning; monitoring of the external environment and internal conditions of enterprise; implementation of measures to respond to threats; the control and improvement of the system of economic security. Four types of strategies depending on the level of economic security were identified: stabilization, strengthening, adaptation and survival strategies.

The enterprise's success is largely determined by the speed and precision of the reaction of the management to external and internal factors. The effective management of the enterprise and the measures that are taken by the managers play a crucial role in ensuring the economic security of enterprise. The main directions of increasing economic security of enterprise for
each functional component were determined. The management of an economic entity can apply suggested in the article recommendations to strengthen the economic security of each functional component. These measures can be both proactive and reactive in nature, depending on the specific situation. The ensuring of the economic security facilitates the achieving of the effective parameters of enterprise operation.

List of references


The article based on analysis of scientific literature the methodological approaches for diagnosing the level of economic security are systematized. One of the biggest threat for the efficient operation of any enterprise and agriculture in particular is high probability of loss of financial, manufacturing, human, technological and environmental potentials. It causes the deterioration of the financial condition and reduce the competitiveness of the entity.

There was determined the most common views of scientists to assess the economic security of enterprises, such as: traditional and non-traditional approaches. Traditional approaches are implemented by evaluating the effectiveness of the entity and reliability of its operation. Non-traditional approaches assess the level of development of existing risks and the market value of the company.

In addition, there are other approaches, including: indicator, target-oriented and resource-functional. The essence of indicator approach is to compare actual performance values of financial security company with regulations (indicators) that characterizes the financial stability and solvency of the entity.

The basis of the program-oriented approach is the integration of indicators to determine the level of economic security entity. The main focus is on identifying the studied parameters and specifying the methods of integration.

However, this approach is difficult in practice applicable of enterprise, as it has a high level of complexity of the analysis by using the mathematical modeling techniques.

The essence of the resource-functional approach consists in assessing the level of resources and determining on the basis of the degree of economic security. However, determining the level of economic security is often equated with the analysis of its financial and economic activity.

The advantage of resource-functional approach is its higher accuracy than at other methods of assessment. However, using the resource-functional approach by domestic enterprises is complicated by some difficulties.

Advantages and disadvantages of the approaches and especially their application to agricultural enterprises are considered. There was offered to use suggested methods a whole or their individual components according to the specifics of the company. The importance of establishing effective approaches for diagnosing the level of economic security of farms as a priority sector of the national economy is identified.

Keywords: economic security of agricultural companies, methods of economic security's evaluation, economic security functional components


THE DEVELOPMENT RORMATION MECHANISM OF THE ENVIRONMENTAL PROTECTION FUND

Creating of Environmental Protection Funds solves current problems on loss restoration, amends to the environment and also implements preventive conservation measures. The appropriate structures are formed by executive bodies of state power in regions and cities.

The research showed that low rates of state budget fulfillment are identified in the environmental protection expenditures (fulfillment level - 55.4%), that defines the scarcity of ecological funding in Ukraine. The development mechanism implementation of environmental protection funds will ensure the effective usage of the available state funds.

The main purpose and objective of development mechanism of environmental protection funds is the accumulation of relevant sources and their usage in the interests of environmental protection, as well as targeted funding of environmental measures aimed at reducing the impact of environmental pollution on human health. The idea of the proposed mechanism is based on the interaction of three steps - identifying and clarifying of goals, mechanism subsystems formation, goals achievements. Thus, all the strategic components are covered and the financial side is taken into account that allows economical providing of the mechanism objective.

The main advantages of the development mechanism implementation of environmental protection funds are: development and implementation of programs for environmental protection and rational use of natural resources; stabilization of ecological balance; implementation of measures aimed at reducing the impact of pollution on health and living conditions of the population; amends on environmental crises; implementation of activities related to the restoration and protection of natural resources; organization of environmental monitoring, creation of environmental information system and bank; development and implementation of economic mechanism of natural resource use and environmental regulations and standards; scientific conferences and seminars organization and holding, exhibitions on promoting environmental awareness, publication of printed materials on natural potential saving.

Keywords: fund of guard of natural environment, expense of the state, ecologization of economy, mechanism of creation of fund of guard of natural environment.

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10. Рильська В. В. Механізм взаємодії між місцевими органами виконавчої влади та органами місцевого самоврядування в аспекті децентралізації влади / В. В. Рильська // Теорія та практика державного управління і місцевого самоврядування. – 2014. – № 2. – С. 12-19; Rylska V. V. Mekhanizm vzaimemodii mizh mistsevoymy orhanamy vykonavchoi vlady ta orhanamy mistsevoho samovriaduvannia v aspekti detsentralizatsii vlady / V. V. Rylska // Teoriia ta praktika derzhzavnoho upravlinnia i mistsevoho samovriaduvannia. – 2014. – № 2. – S. 12-19

The paper considers the problems of financial support for regional development and interregional cooperation, among which there are low level of municipal securities emission and insufficient number of financial infrastructure institutions that would implement financial resources support for interregional projects. Advantages of municipal bonds issue are defined and international experience of municipal securities issue is considered. The performance of municipal bonds market in Ukraine is analyzed. Types of financial institutions of regional infrastructure, operating in developed countries and their role in regional needs financing are characterized. Forms of existence and activities of municipal banks are defined. Obstacles to the development of the municipal bonds market and the establishment of municipal banks and other financial institutions of regional infrastructure in Ukraine are determined.

Key words: interregional cooperation, regional development, municipal borrowings, municipal bonds, regional financial infrastructure, communal (municipal) bank.

The growing needs for efficient use of the economic potential of Ukrainian regions, the desire to achieve a high level of economic independence of regions actualize the development of interregional cooperation – both domestic and international. Formation and deepening interregional economic relations should be based on financial terms and mechanisms established in the country that ensure the needs of regional development.

Requirements for the high level independence of local authorities while performing their delegated and assigned functions through own and assigned income provided by the European Charter of Local Self-Government, raise the issue of financial support for regional development and interregional cooperation. However, a significant number of problems that confine the economic independence of local authorities and hinder the development of interregional cooperation in Ukraine are found in the financial area.

The issues of financial support for regional development and formation of financial infrastructure in the region are considered in the research works of the Ukrainian scientists – O.Butksa, O.Vasyiev, I.Mazur, A.Cherep etc., as well as experts of research institutions, including scientists of the National Institute for Strategic Studies. Nevertheless, there is a lack of research aimed at obtaining a comprehensive conception of the state of the financial component of interregional cooperation in Ukraine, problems of financial support of the local communities and regions development and the possibility to use the experience of developed countries in the field of the financial infrastructure of interregional cooperation.

This paper is aimed at determining the main problems of the financial support for regional development in Ukraine and defining directions of their solution by means of implementation
of international experience of establishing financial terms for regional development and interregional cooperation.

According to the scientists of the National Institute for Strategic Studies, the most significant financial barriers that hinder spreading the practice of interregional cooperation in Ukraine are: insufficient number of financial infrastructure institutions that would implement financial resources support for interregional projects and low level of municipal securities emission [6].

In the developed countries the practice of debt securities emission by regional and local authorities is widespread. In the United States, almost all municipal borrowings are issued in the form of municipal bonds. In average 8-14 thousand emissions a year are carried out totaling more than 300 billion dollars. Municipal bonds market in the USA is the largest in the world – both in absolute amount (about 1.5 trillion dollars), and the share in the domestic debt securities market (about 11%) [2]. In some countries, projects for the development of the municipal bonds market are implemented as a part of broader projects of municipal borrowing development or local government development in general with support of international institutions and donors.

Since the late 90s in the developed countries there is a trend of gradual displacement of municipal bonds from national securities markets by moving them to Eurocurrency markets. Particularly active borrowers in Eurocurrency markets are the Canadian provinces, German states, the Italian regions and Brazilian provinces. In particular, the Canadian province of Ontario borrows on the Eurobond market more resources than central government of Canada [2].

Municipal bonds market is quite attractive for local authorities. First, it allows to resolve the issue of additional sources of financing investment projects and projects of interregional cooperation. Second, the formation of municipal debt in the form of securities can make it more liquid, as a result reducing the cost of borrowing. Third, reducing the cost of borrowing is also possible due to lower interest rates owing to competition among investors. In addition, ensuring repayment of the bonds in time, the city (region) creates its own positive history of borrowing, which will allow to issue more municipal bonds in future [5, 9]. On the other hand, investments in municipal bonds can be more attractive due to tax-free status, which is often officially given to income obtained from municipal bonds.

Today the municipal bonds market is quite promising, but poorly developed segment of the Ukrainian stock market. The activity in this segment of the stock market is volatile. In 2011 municipal bonds in Ukraine were issued by 16 regional centers and 14 other cities. In 2012 1140 securities were included in the Stock list of the PFTS Stock Exchange and among them only 20 municipal bonds were noted (1.75%), in 2011 municipal bonds amounted to 0,50% [6].

In 2015, the National Securities and Stock Market Commission of Ukraine didn’t register any municipal bonds issue, as it is reflected in Table 1.

Among overall quantity of municipal bonds issues that were traded on the stock market in 2015, only 4 issues (5.9%) were admitted to trading on the stock exchanges. This is the lowest indicator for the analyzed period both in absolute (see Table 1), and in relative dimensions (the share of municipal bonds issues, which were admitted to trading on the stock exchanges amounted to: 30.9% in 2011, 29.9% in 2012, 20.9% in 2013, 11.8% in 2014).

In addition, in 2015 six issues of municipal bonds was admitted to trading on the stock exchanges in the category of unlisted securities that do not meet the requirements of exchanges towards instruments of first and second listing levels. In particular, in the Stock list of the PFTS Stock Exchange there were three municipal bonds issues of this category, Perspektiva Stock Exchange – two issues and Ukrainian Exchange – one municipal bonds issue.
Table 1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tr>
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<td>5680,3</td>
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<td>2375,0</td>
<td>0,0</td>
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<tr>
<td>Number of issues of municipal bonds, that are traded on the stock market, items</td>
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<td>67</td>
<td>67</td>
<td>68</td>
<td>68</td>
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<tr>
<td>Number of issues of municipal bonds, that are admitted to trading on the stock exchanges, items</td>
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<td>20</td>
<td>14</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Number of issues of municipal bonds, that are not admitted to trading on the stock exchanges, items</td>
<td>38</td>
<td>47</td>
<td>53</td>
<td>60</td>
<td>64</td>
</tr>
<tr>
<td>Trading volume on the stock market, billion UAH</td>
<td>2171,1</td>
<td>2530,9</td>
<td>1676,9</td>
<td>2331,9</td>
<td>2172,7</td>
</tr>
<tr>
<td>The volume of municipal bonds traded on the stock market, billion UAH</td>
<td>1,67</td>
<td>7,48</td>
<td>3,60</td>
<td>4,11</td>
<td>2,43</td>
</tr>
<tr>
<td>The share of traded municipal bonds in the overall volume of stock market, %</td>
<td>0,08</td>
<td>0,30</td>
<td>0,21</td>
<td>0,18</td>
<td>0,11</td>
</tr>
</tbody>
</table>

Note. Compiled by the author based on [7]

The share of municipal bonds in the total volume of exchange contracts is constantly decreasing, down from 2.42% in 2012 to 0.007% in 2015 (Fig. 1). In 2015 the highest demand in the stock market was formed for the bonds of following issuers: Kremenchug City Council of Poltava region (bonds were traded on the PFTS Stock Exchange, Kyiv City Council (bonds were traded on East European Stock Exchange, PFTS Stock Exchange, Perspektiva Stock Exchange), Cherkasy City Council PFTS Stock Exchange).

The overwhelming share of municipal bonds in recent years is traded on the over-the-counter (OTC) market. For instance, among the total volume of trading municipal bonds in 2015 (2.43 billion UAH) 2.41 billion UAH or 99% were traded on the OTC market. The highest demand in the OTC market in 2015 in terms of executed contracts was formed for the bonds of following issuers: Kiev City Council, Donetsk City Council, Kremenchug City Council.

Another problem of financial support of Ukrainian regions interregional cooperation is insufficient number of financial infrastructure institutions that could implement financial resource support for interregional projects and ensure circulation of municipal securities.

The necessity of such institutions activity within the regional economy is proved by international practice. The system of regional financial infrastructure institutions can comprise banks for development, municipal banks and other lending institutions to finance local development, collective investment institutions etc.

In Ukraine, a regional network of such institutions is poor and straight. Most of them are concentrated in large cities, and only in some small towns and peripheral regions subsidiaries of commercial banks works, which are unable to meet the specific local demand for financing [6].

One of the ways towards the development of local and regional financial infrastructure is the creation of specialized financial institutions – communal or municipal banks which would exclusively finance problems of regional development.
International practice shows that communal banks are particularly widespread in Western Europe. Typically, municipalities (city councils) have a controlling stake of municipal bank (51% of the authorized capital), the rest of the funds is financed by city companies, monetary contributions of businesses and individuals. The most important component of these banks credit resources is money obtained after municipal securities sale. The communal bank acts as a guarantor for municipal obligations. Communal bank specialization is shown in the fact that its activity is not aimed at conducting cash transactions, but at providing loans to meet local needs. One of the priorities of the communal bank is to finance interregional infrastructure projects. Municipal banks are mostly widespread in Germany, where they account for about 40% of the credit system balance. In Ukraine today there is no bank the only founder of which is the local authority [1, 8].

In addition to the communal banks, developed countries have an extensive network of municipal financial institutions. Special form of communal banking institutions is Girozentrale (German) or Girobanks. First Girozentrale appeared in Germany in 1908. Girobanks are an effective form of mutual settlements facilitation between local authorities. Settlements by means of Girobanks are provided without the mediation of money in the form of special current accounts.

Communal banks of mutual loans successfully operate in Sweden, where they emerged in the XIX century. These banks are intermediaries through which local authorities can lend to other local authorities. Communal banks of mutual loans are established in Sweden in the form of banks of joint liability of their founders (communities) without state guarantees. Swedish communes form unions for mutual lending within districts. Each union is a mutual lending bank. Communes are jointly responsible for these banks debts.

Another type of communal banks is a stock communal bank, which founders are responsible within their own stake. The first bank of the kind was established in 1860 in Belgium as a municipal loan company. Only the communities could be its shareholders.

An important role in the regional financial infrastructure is played by special state banks of municipal loan specializing in lending to local authorities. They are usually closely related with the system of savings banks. Banks of the kind operate in Germany, France, Italy, UK, Belgium. In France, there are also regional companies of investments finance formed as joint stock companies with equal equity participation of deposit and savings banks. There are a number of commercial banks that specialize in lending to local authorities. In France, for instance, there is a system of branches of Bank for agricultural loan. They provide loans mainly to small rural communities. In addition, this bank’s branch called “French provincial” provides...
assistance to the administrative and territorial units with the bond issue.

Thus, while there is an extensive network of specialized financial institutions of communal type in developed countries, Ukraine lacks even basic regional financial institutions – municipal banks. One of the obstacles to their creation is the absence of the clear legislative procedure for their establishment.

Developed network of regional financial institutions has a dual role: on the one hand, it provides municipalities with financial resources through the communal loans; on the other hand, it provides municipal bonds underwriting.

In international practice, municipal bond borrowing is an important source of local government financing; a powerful financial instrument that helps to solve current and long-term problems associated with the financing of public spending; financial base for interregional cooperation implementation. However, despite all the advantages, issues of municipal securities are not widely spread in Ukraine. In recent years new issues of municipal bonds in Ukraine were carried out mainly to refinance previous loans. Further development of the municipal bond market is largely constrained by incomplete reform of municipal finance.

Identification of the Ukrainian regions having the greatest potential of establishing specialized municipal banks, which would be able to provide financial support for interregional cooperation projects can be the subject of further research in this area.

List of references


The article reveals the essence of the concept of «deficit» and «national debt». It is compared revenues and expenditures of the consolidated budget of Ukraine for 2003 – 2016 years and found that during the period of observation budget of Ukraine was scarce. There have been consolidated budget deficit is compared Ukraine to the limit specified by the Maastricht Treaty.

The dynamics of «hidden» deficit of the consolidated budget of Ukraine for 2003 – 2016 years and compared the values with actual values deficit.

To determine the real budget deficit of complexity for Ukraine would consider the tools and sources of funding made it.

Also within our analytical study found a direct link between the budget deficit and public debt. Using the information contained on the official site of «Price State» and «State Statistics Service of Ukraine» analyzed public and publicly guaranteed debt of Ukraine for 2003 – 2016 years. The dynamics of public and publicly guaranteed debt, using basic and chain indexes.

Determined the ratio of public and publicly guaranteed debt to GDP and compared with an indicator of safe levels. The dynamics resize public and publicly guaranteed debt of Ukraine during the analyzed period. The factors influence the formation of the value of the debt.
For thorough analysis analyzed the structure of public and publicly guaranteed debt of Ukraine for the past 14 years. It was also investigated the structure of public debt due to repayment of foreign currency during 2003 – 2015 years.

It is shown as the cost of servicing and repayment of public debt provides one citizen and working.

The measures on the improved debt management in a volatile economy of Ukraine.

**Key words:** budget revenues, expenditures, the consolidated fiscal deficit, «hidden» consolidated fiscal deficit, public and publicly guaranteed debt, gross domestic product, the Maastricht Treaty.

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**List of references**


Subtimated: 10/11/2016
ACTUAL PROBLEMS OF MARKETING AND MANAGEMENT

UDC 339.138

N. Nosan

BRAND ROLE IN PROMOTING EFFECTIVE MARKETING OF ENTERPRISE

In the article the role and place of branding to ensure the efficiency of communication policy of the company is identified. There is investigated the factors ensuring the competitiveness of enterprises and reflected the growing role of branding.

It is proved that in the current market conditions branding is one of the most effective way of forming competitive advantage, because the process of building marketing communication with the consumer made with the help of brand. There is determined the place of brand in the marketing system of enterprise, its forms of integration and communication with the concepts of marketing.

Positive aspects of the brand for both producers and consumers are characterized. There is proved that the brand should promote values that are observed as the organization and the target group of consumers to ensure the competitive position of the company.

Brand helps consumers differentiate among other goods, purchase guarantees quality and save a lot of time for its implementation. On the other hand, brand is an important prerequisite for sustainable and long-term success of the company, in particular by allowing the increase in demand for products, the formation of barriers to market entry of competitors, reducing the cost of capital and sales.

On the one hand, brand is a marketing message, on the other hand, it is a set of impressions remaining after consumption of a certain product or service. The creation of tactical communication message, which should be obtained in the scheduled time by potential customer, is an important part of marketing communications.

The essential role in the creation and promotion of a brand belongs to its corporate identity. Corporate identity is a collection of color, graphics and design components for providing visual and semantic unity of goods or services and information associated with a company. Corporate identity is made to create the buyers’ positive emotions associated with the evaluation of the quality of goods or services. Effectively formed corporate identity confirms the reliability of the manufacturer and a feeling of trust from consumers.

Development and promotion of the brand to the market are important tools of competition. The brand should promote values which are followed both by organization and target group of consumers. The development of core value promotes the brand. The role of marketing communications is to inform the target market about the product (service) and its manufacturer; conviction of maximum availability of consumer preferences.

Keywords. brand, marketing communication, image, trademark, competition.

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Usage of Benchmarking in the Management of Economic Security on Metallurgical Enterprises

In the article, was been carried out the main category dimensions of "economic security." As a result, systematization and generalization of theoretical propositions proved that economic security on metallurgical plant should be investigated the position of its components: financial, intellectual and human resources, investment and technology, production, marketing, environmental, inner, external component and logistics support.

The attention to the importance of taking into account external regulatory impact on the metallurgical enterprises. Applied PEST-analysis as a tool designed to detect Policy, Economy, Society and Technology aspects of the environment, which may affect the development strategy.
of the steel industry. As the result, was conclude the impact of the environment on economic metallurgical enterprises security. An optimistic, pessimistic and realistic scenario of Ukraine’s economy.

It is proved that in a context where the economic situation is evolving rapidly, to maintain and increase market share in the fierce competition is especially hard, you should use one of the management mechanism of economic security companies - benchmarking. The main goal of benchmarking is to identify negative deviations in the values of comparative indicators and reasons for such deviations achievements proposals to eliminate them. Defined three types of benchmarking: benchmarking, focused on competition, internal benchmarking, functional benchmarking.

Main goal of Benchmarking is considered to be: to achieve a high, competitive level of activity and preserve these achievements as long as possible. Highlight benchmarking stages of the steel plant, which combine two groups of preparatory and implementation. The main advantages of benchmarking over others are: creative, the achievements of competitors as well as companies from non-competitive environment; basis for the analysis in this case are not only the performance but also the functions, processes, strategy. This benchmarking allows reducing the cost and increasing the efficiency of the development and implementation of strategic decisions in the management of economic security on metallurgical enterprises.

**Keywords:** security, economic security, metallurgy, management, benchmarking, strategy.

**List of references**


Formation Paradigm of Eco-Marketing in Industrial Enterprises

There are general approaches of the formation of the concept of eco-marketing in the industry analyzed in the article. Determined that the development of principles of eco-marketing for the industry is a prerequisite for competitiveness based on social and environmental responsibility. Determined six generalized components of eco-marketing of environmental technology, eco-towards, eco-services, eco-customs, eco-environmental and eco-paradigm, which should become a new form of the marketing behavior of industrial enterprise. The paper proposes a new paradigm form of pro-enterprise positions. Were considered general approaches of the formation paradigm of sustainable development from the standpoint of pro-enterprise. Things benefits of pro-activity to improve internal processes of the entity. The basic principles of eco-marketing for the industry were identified. Were determined the proactive type capable to format conditions to improve internal processes and environmental change and to ensure that have early development in relation to the dynamics of customer needs and challenges of competition based on the balance of interests of all market participants.

Keywords: eco-marketing concept, the paradigm of sustainable development, proactive, industrial enterprise.
List of references


Subtimated: 12/10/2016
SOCIAL DIMENSION TRANSFORMATION OF INTERNATIONAL ECONOMIC RELATIONS: ASPECT OF LABOR RESOURCE USE

The factors of globalization transformations establishment of the international labor market are highlighter in the article. It was found that the transformation of labor resource providing international economic activity leads to the formation of a fundamentally new social dimension of international economic relations. Changes in labor resource providing of countries associated with changes in income distribution among countries in the world economy are investigated in the article. It is determined that on the regional level forming components of the global labor market and its regional segmentation, the largest of which become Western European, American, Asian, Middle Eastern and African labor markets. Western Europe is the most important center of attraction of foreign labor, where today there are 13 million migrants and members of their families. Intelligent migration and "brain drain" are manifestations of transformational changes on the international labor market, associated with the movement of human capital in the international labor market, in which intellectual capital is circulating in the relevant segment of the world market. In the structure of the international labor market in accordance to the qualifications of workers distinguish two main segments the market: skilled labor and unskilled. All of that determined the development and implementation of globalization has led to significant changes in the regional structure of international economic migration. All of that and more requires the development and implementation of single and unified international legislation in the field of labor use.

Key words: globalization, transformation, international labor market, migration, intellectual migration and "brain drain"

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THE PRECONDITIONS FOR THE REGIONAL CURRENCY UNIONS FORMATION

The scientific paper is devoted to actual issues of the theory and practice of regional currency unions establishing. This paper determines the characteristics of the main stages of the theory of optimum currency areas evolution. The basic prerequisites that are necessary for the currency area establishing are determined, the main advantages and disadvantages that country will get from participation in the process of monetary integration are systematized, and the sequence of steps required for the formation of currency region and introduction of regional...
currencies are summarized.

The research evaluates the outlines of monetary regionalization, provides the assessment of the future global monetary system structure in which there are regions, where a supranational currency applies de jure and de facto, analyses existing effects of monetary integration among countries. Given the current trends of the world economy on the basis of the research possible scenarios of existing regional currency unions are proposed.

Key words: optimum currency area, monetary union, currency groupings, currency union, regional monetary integration, convergence criteria, the index of intensity of intra-regional trade, the global monetary system.

The problem statement. Research background is due to the fact that nowadays there is no theory among economists that would fully substantiate and explain the mechanism of creation and functioning of currency areas. An analysis of recent studies has shown that the questions devoted to justification of the regional currency unions creation have been studied in theoretical and methodological aspects, but it lacks basic research on the actual application of theories of optimal currency areas creation in practice.

The recent research and publications analysis. The issue of consolidation trends in national monetary systems within the formation of the single currency plays an important role in economic science. Such scientists as R. Mandel, R. Makkinen, P. Keenan, J. Necks, M. Moussa, A. Rose, R. Glick, J. Frankel, R. Barro and others have paid attention to this issue. However, in terms of internationalization and globalization in economic relations, the process of regional currency unions’ creation began to be accompanied by a number of problems and requires more detailed research analysis of the existing currency areas and prospects of their development.

The article is aimed at determining the nature and prerequisites of regional currency unions.

The main material of the research. The economic theory that justifies the formation of currency areas between countries is called "theory of currency areas". There are classic and alternative stages of its development [3].

The main feature of classic theory of currency areas is prevalence of a certain factor on the basis of which monetary integration takes place. The representatives of this trend are R. Mandel, R. Makkinen, P. Keenan, J. Inhrama, H. Fukuda, J. Fleming, M. Moussa.

Such factors include: factors of production mobility between countries, diversification of outside economic sectors, diversification of domestic production potential, similarity of the economies, fiscal policy identity, similar level of inflation, political unity between the countries.

However, none of the representatives of the classical theory of optimum currency areas could not find out one factor that clearly would provide an opportunity to assert the feasibility of effective currency zone establishing, then in the early 90s an alternative theory of currency zones came into existence and stated that in order to create currency zone it is necessary for countries to meet a number of criteria, and to analyze possible advantages and disadvantages of its creation.

The representatives of this trend include A. Rose, R. Glick, J. Frankel, R. Barro, C. Tenreuro, D. Anderson, E. Vinkupa, R. and J. Ohrodnika [3].

Currency zone is a relatively stable area of circulation of certain currencies or territory within which a single monetary policy is provided. The concept of "monetary union" and "currency grouping" were also distinguished. Comparing to monetary union, the latter hasn’t common currency is introduced, but ensures a fixed exchange rate, regulates monetary cooperation of national authorities of participating countries [1].

There are following macroeconomic consequences of joining the monetary union for the country: more effective execution of money functions; increasing price transparency and
efficiency of interchange; macroeconomic management simplification; loss of monetary independence in monetary policy; loss of ability to obtain seigniorage; limitation of autonomous budgetary policy by union obligations.

There are following preconditions that are necessary for currency zone creation: a large volume of trade between the countries; high labour mobility inside the union; high capital mobility between countries; high flexibility of prices, including wages; coordinated fiscal policies among countries; business cycle similarity inside the union; presence of a single central bank, which has the function of lender of last resort.

The sequence of steps required for the currency region formation and introduction of regional currencies includes: economic integration, the emergence of unifying factors, fixed exchange rates, a system of mutual settlements in national currencies, the coordination of macroeconomic parameters, creation of optimal currency area, introduction of supranational currency at the regional level, implementation of financial instruments in the same currency, the appeal of the currency in the global currency market.

As it was noted above, an important prerequisite for the formation of monetary union is a high degree of intensity in trade relations, consequently, in the past decade inside the European Union and the eurozone annual trend towards to an increase in trade intensity is observed (table 1).

Table 1

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<tbody>
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<td>European Union</td>
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<td>1.69</td>
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Comparing indices of the countries that use the euro for international settlements and the EU countries shows that the intensity of trade during 2005-2011 in the euro area was higher than in the European Union, that demonstrates the positive impact of the introduction of the single currency.

Analysis of ASEAN main macroeconomic indicators laid down in the Maastricht Treaty, it is clear that the region has reached a very high level of macroeconomic convergence (table 2).

The values of macroeconomic indicators on average in the region were close to the boundaries that Europe has defined to achieve macroeconomic convergence. Nevertheless, among all countries only Brunei, Thailand and Korea completely satisfy all the Maastricht criteria. A number of countries, including Cambodia, China, South Korea and the Philippines, approached close to these borders because they meet 4 out of 5 criteria. Low degree of
Macroeconomic convergence with neighbours in the region was shown by such countries as Indonesia, Japan, Myanmar and Vietnam. Excluding Japan, the most likely candidates for the establishment of monetary zone are Brunei, Cambodia, China, South Korea, the Philippines and Singapore, because these countries meet at least the 4 of 5 Maastricht convergence criteria. The economic growth of India suggests rising of the international status of the Indian rupee and the creation on its base currency of the South Asian Association for Regional Cooperation (SAARC).

Figure 1 shows that countries of the region have sufficient foreign potential which is gradually gaining more power after 2012 and also can form the deeper integration. But the struggle for leadership in the political and economic field between India and Pakistan hinders the integration processes. SAARC is only used as a platform for annual meetings of leaders and for regular discussions.

The Council of the Gulf Cooperation has announced about the issue of a single regional currency. In 2001 countries decided to create a single currency area with currency tied to the dollar. And after two years trade intensity increased by 10% (figure 2) and maintained at the level of 4.2 till the 2008 crisis. It can be assumed that the "Gulf currency" quickly finds its place in the world. The obligations of issuers will be provided with oil and gold [2].

<table>
<thead>
<tr>
<th>2014</th>
<th>Country</th>
<th>Inflation at end of year (%)</th>
<th>The level of refinancing rate at end of year (%)</th>
<th>National currency to USD at the end of the year (% to prev. year)</th>
<th>The level of budget surplus / deficit (% of GDP)</th>
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</tr>
<tr>
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<td>1.02</td>
<td>-2.1</td>
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Maastricht criteria:

\[
\begin{align*}
\text{Inflation} & \leq 2,2 \\
\text{Refinancing rate} & \leq 5,8 \\
\text{Changes in inflation} & \leq -2,25 \\
\text{Budget surplus} & > -3,0 \\
\text{Public debt} & < 60,0
\end{align*}
\]

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Fig. 1. The dynamics of the trade intensity between the countries of South Asia during 2005-2015 [4]

Fig. 2. The dynamics of the trade intensity between the countries of Southwest Asia during 1990-2015 [4]

Speaking about the prospects of the single currency in UNASUR, we cannot give a definite positive outlook. UNASUR does not meet the optimum currency area. Economic integration of the Andean Community and of the Mercosur is on developing stage, there are still two blocks, and each of these represents a single customs union. Countries are closed to each other, intra-regional exports is less than 2.0% of GDP, trade intensity indices in the last ten years elect a tendency to fall (figure 3).

In Central America on the Bolivarian Initiative (ALBA) basis in 2010 the monetary union was established and supranational currency "Sucre" is used. Sucre was fixed to the US dollar (Sucre 1 = $ 1.25). And according to the plans it will apply in the form of virtual currency, on the first stage – just inside ALBA.
Active position of the oil-producing Venezuela, whose leader is one of the main ideologists of exclusion the dollars from the oil trade and also from the petroexporting Ecuador and Bolivia that is rich in hydrocarbons draws attention to Sucre. It is probable that in case of positive succession of events countries of the Central American Common Market will join to Sucre. On the other hand, it appears that the Sucre appeal is motivated not by the economic reasons (lack of liquidity for International Settlements), but by the political considerations.

US, Canada and Mexico signed the North American Free Trade Agreement (NAFTA) in 1992, which greatly increased mutual trade. Plan of North Atlantic Union (NAU) was proposed by Canadian economist Herbert in 1999. Although now it is nothing more than the format of the annual meeting of leaders of the three countries that discuss the ideas of continental integration. There are a lot of discussions about the prospects of an "Amero" instead of the dollar. Pretty serious argument in favour of an Amero is that its base is the US dollar which for 200 years is one of the world's leading currencies.

There are "trade wars" among the NAFTA countries ("salmon", "apple", "tomato") as far as NAFTA members could not agree on measures to regulate the trade. So, start of the real functioning of monetary union needs complex political decisions, which requires the US to sacrifice its economic sovereignty, and Canada – political. In addition, these decisions will be unpopular not only among the population of the United States and Canada, but will be not supported by the international community.

Small States of the Caribbean Community seriously moved towards to regional currency zone forming. An important milestone for the CARICOM Treaty was signed in Chahuaramas in 1973, which decided on the first phase to convert Caribbean free trade market in general, and on the second – to create a "single economy".

CARICOM countries have liberalized currency restrictions; have concluded bilateral agreements on mutual investments encouragement and protection of to avoid the double taxation. In seven countries of CARICOM a single monetary policy is implemented and the single currency (the Eastern Caribbean dollar) is used.

The final formation of the Caribbean region's currency is hindered by a number of factors. The low level of economic development, as a consequence complementarity and interdependence among countries are low enough; some countries do not meet the convergence criteria. The export structure is highly specialized and heterogeneous. Mutual trade is characterized by a predominance of low-tech products. In addition, some countries participate
in other integration associations.

The lack of visible progress in the integration of African countries is an important factor that does not give an opportunity to build optimistic plans in the African Monetary Union establishing. It is not even able to link the exchange rates of countries (potential participants of Eastern and Southern zones). But the main thing is the differences in macroeconomic indicators.

Thus, the formation of currency unions is controversial, but it is possible to identify perspective regions such as eurozone, ASEAN, the Gulf Cooperation, Africa, Central America, NAFTA countries and the Caribbean.

The conclusion of this study and further research in this area. The transformation of the modern monetary system is the urgent task for international community not only as the final overcoming of consequences of the global financial crisis and as prevention of economic challenges in the future. Globalization processes in global economy require adequate changes in world finance. The process of forming a multipolar currency structure include: Eurozone, ASEAN, the Persian Gulf, Africa, Central America, NAFTA countries and the Caribbean. In further studies, the author plans to conduct quantitative analysis of other criteria of currency integration among these associations.

List of references


UDC 629.73

O. Zakharova

WORLD AIR TRANSPORT DEVELOPMENT IN TERMS OF GLOBALIZATION PROCESSES INTENSIFICATION

The article investigates the trends and patterns of the global air transport development in terms of globalization processes intensification. The analysis of the world air transport key indicators development in close correlation with the global economy indicators development is
made. The key aspects of the globalization impact on the air carriers activity are dedicated.

World passenger traffic is growing in the last years. The growth in 2015 reached the highest level after the post-recession rebound in 2010. The regional structure of the world passenger and freight traffic shows that Asia-Pacific accounts for 31,9% and 39,5% respectively, Europe -26,7% and 21,8%, North America - 24,7% and 19,9%. The Middle East remains the fastest growing region.

International tourist arrivals follows the similar yearly trend with international passenger traffic. Europe accounts for the largest share of international passenger traffic at 37,2%. The correlation ratio between international tourist arrivals and international passenger traffic accounts for 0,97.

In terms of aircraft departures more than half of Top 15 airports are US airports, 4 are in Europe, and remaining 2 are in Asia-Pacific. Atlanta ranks the first by number of departures and number of passengers, Hong Kong ranks the first by tonnes of freight. The airports from top 15 provide 12,64% of world aircraft departures, 15,11% of world passenger air traffic and 73,57% of world freight air traffic

In terms of the airline companies, 15 airline groups American, Delta, United, Emirates, AF-KLM, IAG, Lufthansa Group, china Southern, Southwest, Air China, China Eastern, Cathay Pacific Group, Turkish Airlines, Qantas Group, Singapore Airlines Group accounts for 47,6% of world total passenger traffic. Among these carriers, 40% are companies from Asia-Pacific Region.

Aviation’s center of gravity continues to shift eastward, with 7 of the top 10 increasing origin-destination passenger markets located in Asia. Chana’s, Indonesia’s, India’s domestic air passenger markets demonstrate the highest rise in journeys numbers.

Globalization processes lead to formation the global strategic airlines alliance. Today 61,2% of world air passenger market are provided by 3 largest strategic alliances Star Alliance, SkyTeam u OneWorld. The carries that are the part of strategic alliances work in more than 1000 destinations. Star Alliance operates a fleet of approximately 4657 aircraft, serve more than 1330 airports in 192 countries and carries 641,1 million passengers per year on more than 18500 daily departures. SkyTeam makes more than 17000 daily departures by 3054 aircrafts in 177 airports in 177 countries. OneWorld operates in 1016 airports in 161 countries and carries 13800 daily departures.

Air transport boosts economic development. The ongoing increase in unique city-pair routes has enable a corresponding increase in the flow of goods, people, capital, technology and ideas. The number of unique city-pair connections have exceeded 16600 and almost double the connectivity by air 20 year ago. Another impact of aviation on the wider economy is the influence that increased airline activity has on job creation, in the aviation value chain and in other, related sectors, as spending ripples through the economy. It is estimated that aviation supported 63 million jobs in 2015 and underpinned $2,7 trillion of GDP.

In the short term, the global air transportation market characterized by increasing cooperation and activation of strategic alliances activities, which are aimed to provide services that best meet the needs of passengers in terms of globalization.

**Keywords:** transport, aviation, passenger traffic, freight traffic, globalization, airport, airline, world economic area, passenger traffic market

**List of references**


UDC 330.35(479.22)

R. Putkaradze

ECONOMIC GROWTH AND THE CHALLENGES OF GETTING CLOSER WITH THE EU FOR GEORGIA

Gross domestic product is one of the key indicators for determining the level of socio-economic development and standard of living. The volume of gross domestic product (GDP) and gross domestic product (GDP) per capita shows the stage of economic development of the country, while the real GDP growth rate determines whether the country will achieve high level of development in a certain period. The countries characterized with high real GDP growth rates move from the list of developing countries into the list of developed ones. Georgia also faces the challenge to get closer to the status of developed country step by step. A number of countries of international commonwealth managed to achieve the above goal due to impressive GDP growth rate.

Key words: gross domestic product (GDP), gross domestic product (GDP) per capita, economic development, Association Agreement, competitiveness

Georgia is located at the crossroads of Europe and Asia. After regaining its independence the country is actively seeking to deepen trade and economic ties with the foreign countries, especially with the countries of the European Union. As it’s known, Association Agreement between Georgia and the European Union was signed on June 27, 2014 in Brussels. Approximately 80% of the obligations of the Association Agreement (including Deep and Comprehensive Free Trade Area (DCFTA)) went into force on September 1, 2014. Ratification process of the Georgia-European Union Association Agreement by the member states successfully ended at the end of 2015. We believe that the Association Agreement and getting closer to the EU will contribute to the gradual growth of Georgia's GDP.

Georgia is a developing country. According to the official data of 2014 GDP per capita (in current prices) amounted to 3 759 US dollars and showed a significant increase compared to previous years, but this figure is considerably lower compared to the corresponding indicator of advanced European countries. It raises the question, how long it will take Georgia to be like European countries with its economy and socio-economic development.

For international comparison we choose the European countries with the number of population more or less equal to Georgia’s. These countries are Croatia, Estonia, Latvia, Lithuania, Slovenia, Slovakia, Finland and Ireland (see. Table 1).
Based on Georgian and international statistical information presented, we discuss three scenarios of economic development of Georgia. We applied to GDP growth rate in Georgia in recent years (2010-2015) - minimum (2.8%), maximum (7.2%) and average (5.1%) growth rates. It’s to be noted that Georgia, after regaining its independence, had high growth rates (10% and more) in some years; for instance, in 2003 economic growth rate amounted to 11%, in 2007 – 12%, etc.

According to the preliminary data by the World Economic Forum, in 2016 Ireland has the highest economic growth rate (4.5%) among the European countries followed by Romania - 4.2%, Malta - 3.9%, Luxembourg - 3.8%, Poland - 3.5%, Sweden 3.2%, Slovakia - 3.2%, Latvia - 3.1%, Lithuania - 2.9%, and Spain - 2.8%. However, GDP per capita is much higher in European countries than in Georgia. Therefore, in terms of equal growth rates, revenues of European countries in nominal terms will experience higher increase.

Let’s briefly consider the impact of the above economic growth rates for Georgia. First scenario – according to official statistics of Georgia, average GDP growth rate in recent 5 years was 5.1%, which is not small at all when compared to the growth rate of other countries in the region and in Europe. It’s good if the growth rate tendency is maintained and GDP per capita in Georgia increases with higher rates. In such case, it will take Georgia about 40-50 years to achieve the set goal.

The second scenario, the maximum GDP growth rate for the last ten years was 7.2% (2011). If such growth rate will be maintained in future, it will take less to achieve the goal.

The third scenario, minimum GDP growth rate for the last five years was 2.8%. In terms of such growth rate, it will take Georgia 60-70 years on average to get closer to the average development level in the European Union, which means that such growth is not favorable for Georgia.

It’s not easy to achieve 10% annual growth of GDP in Georgia but the country has the potential due to its natural resources and geographical location. In terms of such growth rate and taking into consideration the current population growth rate, in 20-25 years GDP per capita in Georgia will be equal to the corresponding indicator of several EU countries. But achieving such growth rate requires proper economic policy including encouragement of local production as well as attraction of foreign direct investment. All this will contribute to improvement of

**Table 1. GDP growth rates for the EU member states and Georgia**

<table>
<thead>
<tr>
<th></th>
<th>Number of population, mln.</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<td>-0.7</td>
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<tr>
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<td>0.1</td>
<td>-1.1</td>
<td>1.1</td>
<td>8.5</td>
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</tbody>
</table>

**Source:** International Monetary Fund, Eurostat, Geostat
socio-economic living standards in Georgia and dealing with a number of local and international challenges. We actually think that 5% and higher growth of GDP in Georgia is realistic.

Therefore, the goal of Georgia to get its economy closer to the European countries in terms of economic development is quite difficult, but achievable. Thus, Georgia with its economic growth rate can take leading position in the region and Europe. It’s a topic for another study, but it should be said that there is a need for Georgia to increase competitiveness of its economy.

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Submitted: 17/10/2016

UDC 339.56(477:4-66C)

O. Bezzubchenko, Y. Khotska

ASSESSMENT OF PROSPECTS FOR INTERREGIONAL TRADE AND ECONOMIC RELATIONS DEVELOPMENT BETWEEN UKRAINE AND EU COUNTRIES

The solution of the strategic task to acquire the effective partnership between Ukraine and the EU needs to find the source of the national economy growth. The interregional collaboration is an important part of such a strategic partnership, an effective way to the European integration of Ukraine and also a practical gear of the European standards introduction.

Today the intensity of the interregional links has got a weak form. It demands to find the variants for its realization. One of the most widespread forms remains the foreign trade relations. They, in turn, have the considerable influence on the social and economic development of the state.

An important aspect of the interregional collaboration is to estimate the prospects of development of the interregional trade and economic ties with the position of competitive products in the region. The solution of this task demands to receive the quantitative rating of the impact of economic state development on the scale and intensity of the Ukrainian
interregional ties with the EU.

The using of the correlation and regression methods allows estimating the result index dependence of the state economy on the interregional links.

The Ukrainian export structure was used for the analysis, and the product groups with the largest volume of deliveries abroad were defined to reveal the dependence on the EU interregional markets.

An important task in the analysis of the interregional trade and economic relations is to assess the prospects of their development. For this reason the structure of the export key commodities from Ukraine to the EU was defined. The most EU oriented product groups are the following: grain, electrical machinery; iron; ore, slag and ash; nuclear reactors, boilers and machinery.

The matrices of the interregional trade and economic cooperation development were used to define the interregional growth prospects. Those matrices are based on the methodology of portfolio analysis.

According to the results, the following development directions and the interregional collaboration deepening between Ukraine and the EU were suggested. The main are: to increase the competitiveness of the native products, to adjust the production to the European standards, to reorient the export from the raw-materials into the high-tech, to reconstruct and update the manufacture, to create the information and organizational system of the interregional relations, to diversify the EU markets, to deepen the bilateral trade and economic cooperation between Ukraine and the EU.

**Keywords:** interregional cooperation, trade and economic relations, inter-regional exports, inter-regional imports, portfolio analysis.

### List of references


Submitted: 25/09/2016
ECONOMIC IMPACT FTA EU-UKRAINE

In the article the main trade and economic aspects of Ukraine signed the European Union Association Agreement, analyzed the consequences and risks for the economy of Ukraine as a result of the proceedings of the main provisions and obligations under the Agreement.

Determined that in recent years the share of EU countries is on average about 28% and 29% of total exports of goods and services and the Ukraine respectively 35% and 53% of total imports of services. A serious problem in collaboration with the EU Ukraine is the imbalance in the structure of exports and imports of value-added, because Ukraine is mainly exporter of lower levels of processing, which are the most sensitive to changes in prices on world markets. Instead, the structure of import of goods Ukraine and the EU is more diversified with a predominance of products with higher added value.

Determined that the commitments that Ukraine has undertaken in the framework of the signed Agreement with the European Union, covering the following issues: commodity markets and access to them (national treatment and market access, recognition compliance, protection of trade, the use of technical barriers to the use of sanitary and phyto-sanitary measures, customs and trade facilitation); liberalization of services markets (establishment of business, trade and e-commerce services, current payments and movement of capital); trade rules (customs rules and trade facilitation, rules of public procurement, intellectual property protection, competition, transparency, settlement of issues related to energy trade, the impact of trade on sustainable development, dispute resolution mechanisms and dispute mediation mechanisms).

In terms of the onset consequences for the economy of Ukraine and the potential benefits for local producers can be divided into those whose impact is expected in the short and long term.

It was determined that the implementation of agreements in force due to the enhanced agreement to create a free trade zone between Ukraine and the EU in the short term due mainly to the reduction in tariff protection of markets of Ukraine and the EU, providing free access to more economic operators to market certain goods that the least protected non-tariff barriers, which are the main obstacles to foreign trade in our country. Increasing competitive pressure from foreign companies creates risks for the economy of Ukraine related to the decrease in production with products including high value added. The process of adaptation to new standards in the production and sale of trade cooperation will be accompanied by higher costs of renovation and modernization, but it is these changes in the long term will improve the competitiveness of products of national production and the growth of its exports to European markets.

Keywords: Association Agreement, the European Union, the commodity structure of export commodity structure of import liberalization, the rate of import duties, technical barriers, tariff protection.
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THEORY AND PRACTICE GREENING INTERREGIONAL COOPERATION

The article discusses the development of international relations in the field of greening and environmental protection. The necessity of improving the economic mechanism of environmental management in Ukraine based on the benefits of regional cooperation and relevant experience progressive greening of the world.

Found that the main areas of international cooperation, which form a system of international environmental safety are: health and welfare of the population; protection of soils and water, combating desertification; education, training and information support of nature conservation; protection of the oceans; protection of vegetation, wildlife and genetic resources; the problem of energy resources and energy efficiency.

The necessity of activation of Ukrainian production greening due to excessive pollution, which leads to the impossibility of living in certain regions, increase the proportion of patients and mortality in the country. Inter-regional cooperation in this area will enable: firstly to improve the regulatory framework; and secondly to develop an effective system of payments for environmental pollution, which would stimulate the natural users to environmental protection.

Theoretical background were developed and given the definition of greening production, which includes suggested activities to understand the regulated introduction of social production, in view of objective laws of nature, economic, technical, managerial, organizational, economic and other measures to ensure the sustainable use of natural resources and environmental protection in the interest of the state and society. In the socio-economically greening should be based on the transition to environmentally methods of management, and maintenance - for ecologization of production technologies and environmental management to prevent the negative effects of production processes on the environment.

Keywords: greening, interregional and international cooperation, global environmental problems antropotehnohe

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O. Bulatova

REGIONALIZATION OF THE WORLD ECONOMY

In the article is analysed regional trade and economic relations, it is determined that the structure of the world economy, it is determined that in the structure of the world economy has already formed certain segments of spatial - regions as subsystems of the world economy, the main ones are the regions of the triad: the European, North American and Asia-Pacific. The main criteria for the selection of these regions recognized propensity for intra interaction, its complexity, scope and duration of the economic relations.

Necessity for a comprehensive account of the direction and intensity of the impact of many factors (both internal and external) determine the feasibility of assess the potential of the integration process is integrated indicators that will generalizing comprehensive and quantitative characteristics of the process of regional economic integration taking place in the world economy at a particular time.

Key words: regionalization, region, world economy, integration interaction, global integration, integration association, potential.

The process of the intensification of international differentiation of labor, and internationalization of production and capital adds up to the objective nature of regionalization which is an objective process, based on the hierarchical system of regions; it is related to the optimization of socio-economic structure of the territories through the network of development of relations within the framework of national economy, as well as the cooperation between regions of different levels and different countries which leads to the emergence of new regional taxonomic level. Consequently, regionalization of the world economy can be defined as the process of the formation of a new multisystem configuration of the global economic environment which results from the regional trend of global development which main system elements are regions. Their creation depends on the nature of the development of integrative interaction. Intensification and extension of the process of regional integration is a modern feature of global economic development which is evidenced by the emergence of a large number of various integration entities that are an important component of global integration. On the other hand, the process of regionalization itself has acquired global characteristics, as evidenced by the regional orientation and increased goods and service flow and increased production factors within a region.

The development of international economic integration is practically implemented through the complex of certain forms of cooperation not only between countries but also between regions. All these forms of cooperation will vary and have defined institutional framework and, therefore, react in a different way on the impact of globalization as they are different in terms of the scale and socio-economic level; on the other hand they will directly influence the development of global integration. Therefore, regionalization can be classified as the empirical process, which requires a multidisciplinary approach that will allow a research on the topic of regionalization obtain new results in terms of regional diversification and competitiveness in the context of global transformations occurring in the world economy.

Dynamic development of integration processes at the regional and global levels causes the need to study the regionalization process in two aspects, related to the development of internal regions (within a certain country) and the perspective of regional development which results from the integrative basis and brings together several countries (or their territories).
Thus, the nature of modern development of the world economy within the scope of the analysis of the region essence allows not only to define a territorial (or geographical) and a reproductive approach but also an integrative one which is based on the sustainable economic ties, and the high level of complementarity [1,2].

Region as a subsystem of the world economy serves as a space that creates a combination of countries of certain part / continent of the world with the highly intensified economic relations arising from common interests, resources provision, a level of development of productive forces and a pattern of specialization as well as trade complementarity especially through the format of integration association. The emergence of these regions is to some extent driven by the existence of a particular set of common interests that influence the interaction between the countries which in their turn are willing to become a part of certain association [3]. Therefore, the international region as a part of international economy includes both states and certain territories of these states; this fact proves the heterogeneity of its components [4].

Global regional associations form a current configuration of geo-economic and geopolitical map of the world with the spatial features [5].

Members of different levels are actively participating in the process of regionalization, which leads to the emergence of new economic regions, as the microeconomic nature of a region matches the macroeconomic interpretation of its hierarchy [6]. The interregional ties between one region and other regions of the country and regions of other countries form a "system of interacting regions" and every region’s economy becomes a part of one or several regional systems [7]. Consequently, the modern world economy is complex, hierarchical and spatial in structure, which is defined by the multileveled taxonomic model which provides that the regions are becoming the level of the meso-organization system of the world that adds a touch of "globality" to the local transformations, bringing the integration and disintegration into balance [8].

From the historical standpoint, global trade relations have never been homogeneous and have always had a touch of regionality. In the course of a bilateral cooperation development, multilateral trade and economic relations have been actively developing within a particular region. The analysis of main trends and stages of international regionalization proves that the world economy structure has already formed certain spatial segments. This fact is evidenced by the existence of regions as subsystems of the world economy with the predominance of the "triad" regions which are European, North American and Asia-Pacific. The main regions structuring criteria were the propensity for intraregional interaction, its complexity, scale and longevity of economic relations.

Mutually beneficial regional cooperation (especially in trade and economy) is the first step towards the integration. The extension of trade cooperation in integration associations promotes the intensification of investment activities. In fact, investments are becoming a key element of economic development of integrating countries. That’s why investment agreements have become an essential part of regional integration agreements. Today, the most powerful integration associations like the European Union, NAFTA, and ASEAN develop within the basic triad. Intra-regional cooperation between the associations becomes a rapidly developing and extended one; the associations confirm their status of relatively isolated part of the world economy.

Traditionally, the European Union and NAFTA demonstrate the highest level of intraregional trade (tab.1). More than half of intra-regional trade is accounted for the Free Trade Area of the Americas FTAA (55.4%); it is 25.5 for the ASEAN countries. The volume of intra-regional trade increases to 35.2% if China, Japan and South Korea (i.e. in the form of ASEAN +) are taken into account.

Quality changes happening in regional trade flows create the basis for sustainable development, as the focus is shifting to trade in final goods, as the final goods exchange is more
defined and therefore more resistant to the non-cyclic price shocks. This is the case not only of developed countries, where the processed products dominate the commodity pattern of export. Developing countries and countries with economies in transition are gradually changing their commodity pattern by the same lines. Among them, the highest percentage of the processed products in total export is accounted for Asian countries, thanks to the development of international factory area networks.

Regional integration processes development became more efficient under certain regional integration agreements, compared to the multilateral mechanism of the regulation of trade and economic cooperation and regional trade agreements (hereafter referred to as RTAs) became a dominant trend in terms of a diversified mercantile system.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>The volume of intra-regional export within integration associations of triad regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years</td>
<td>2005</td>
</tr>
<tr>
<td><strong>EU (28)</strong></td>
<td></td>
</tr>
<tr>
<td>Total export</td>
<td>4082.7</td>
</tr>
<tr>
<td>Intra-regional export (bln $)</td>
<td>2777.0</td>
</tr>
<tr>
<td>Intra-regional export, %</td>
<td>68.0</td>
</tr>
<tr>
<td><strong>NAFTA</strong></td>
<td></td>
</tr>
<tr>
<td>Total export</td>
<td>1475.8</td>
</tr>
<tr>
<td>Intra-regional export (bln $)</td>
<td>824.5</td>
</tr>
<tr>
<td>Intra-regional export, %</td>
<td>55.9</td>
</tr>
<tr>
<td><strong>ASEAN</strong></td>
<td></td>
</tr>
<tr>
<td>Total export</td>
<td>656.6</td>
</tr>
<tr>
<td>Intra-regional export (bln $)</td>
<td>164.9</td>
</tr>
<tr>
<td>Intra-regional export, %</td>
<td>25.1</td>
</tr>
</tbody>
</table>

Note: the table was drawn up by the author based on the reference source [9]
moved in tandem with tariff-cutting Dillon Round project (1960-1961), and later with Kennedy Round (1964-1967). During this period there were concluded seven intra-regional agreements. In 1970-1979, the number of RTAs (both notified and not notified) implemented reached 28, with 20 agreements being inter-regional for the first time.

The second wave of regionalism has gripped not only the European countries but also North and South America, Asia and Africa. In 1980-1999, 177 regional trade agreements were implemented throughout the world; almost 60% of them were inter-regional. Developing countries started to take an active part in the conclusion of regional and inter-regional agreements. During this period, Europe's drive to expand and deepen its economic integration was a central impetus once again. Europe not only embarked on its “single market”. A fundamentally new line of development was the extended cooperation between the countries of Central and Eastern Europe, which was aimed at enlarging EU membership to now existing. In the mid-1990s, the EU also concluded a number of bilateral agreements with countries in the Middle East – (with Israel, Jordan, Lebanon and the Palestinian Authority) and North Africa (with Algeria, Egypt, Morocco and Tunisia) with the intention of forming an open trade area similar to the North American Free Trade Agreement (NAFTA). This newest wave of regionalism had a demonstration effect of influencing the regionalization processes in other regions - North and Latin America (NAFTA, MERCOSUR, CACM, ANCOM), in Africa (COMESA,ECOWAS, SADS), Asia (ASEAN, APEC).

In the 00s there were concluded a record number of regional trade agreements were concluded -more than 350 RTAs – which is slightly more than half of the total number of existing RTAs. The major part of the agreements concluded during this period accounted for the interregional integration initiatives. The slow pace of the Doha Round contributed to the proliferation of regional initiatives around the world. From 1950 to 1990, the number of active preferential trade agreements increased to 70, but in the early 1990s, there was a rapid growth of the number of regional integration initiatives in the world. These years witnessed the growing number of regional trade agreements concluded.

A dynamic creation of regional integration projects together with the Doha Round negotiations inflamed the disputes which concerned the correlation and the potential of multilateral and regional approaches development in the world economy which are becoming more fragmented. The world economy provides that the countries are being a part of several regional trade agreements which are starting to overlap and create not only a complex mechanism of interaction but also increase the competition between several trade regimes. On December 2015 the GAAT and the WOT notified 619 regional trade and economic agreements, 143 of which came into force. Together with the quality changes there were also qualitative changes in the nature of the regional integration agreements [12]:

1. The move to an open model of regional integration, which is aimed at boosting international commerce rather than controlling trade and economic cooperation (as it was inherent in endogenous concept of regional development which referred to the old regionalism).

2. RTAs not simply reduce tariffs and quotas but also removes other barriers which will contribute to deep integration of countries which is possible only with wide ranging policy (as it was in the European Union) that goes well beyond traditional trade policies

3. The emergence of trade blocs in which countries with different income and level of development are equal partners under the regional trade agreements like “North-South” (this process was started with North American Free Trade Agreement)

4. A growing number of RTAs concluded with remote countries, where cooperation is based on the principles of strategic which is not necessarily related to the factor of geographical proximity and common borders. The one-third of RTAs are concluded between the countries within a certain region, the others are of an inter-regional nature.
The assessment of the dynamics of RTAs conclusion in terms of their classification by types allows noticing the following tendencies. On the one hand, there is a growing number of bilateral agreements being consolidated into a plurilateral agreement, on the other hand, existing regional blocs are boosting the regional integration process on behalf of its members. The dynamics of the bilateral and plurilateral agreements conclusion is almost the same. Bilateral agreements are more wide-spread than plurilateral ones.

Liberalisation on a regional basis encompasses the positive effects linked to the removal of barriers in trade, but also accounts for the discriminatory components associated with regional approach. Regional trade liberalisation is a process that can help or hinder multilateral negotiation efforts [13]. Regional free trade areas (FTAs) offer advantages in terms of scope and flexibility compared with global trade agreements. One specific risk to be addressed is the so-called “spaghetti bowl” effect of multiple regional FTAs, which refers to complex webs of preferences that are subject to different rules of origin [14]. Thus appears the need for providing the compatibility of regional agreements under the fundamental rules set at the global level. The transparency of the world trading system should be supported through various mechanisms, particularly those based on bilateral and multilateral approaches. The multilateral regulatory system rules should minimize any side-effect caused by the proliferation of regional trade agreements. And therefore, regional trade agreements and multilateral system of trade and economic regulation should complement each other.

Modern spatial development in terms of the world economy with integrational processes developing not only by regional lines but also by transcontinental lines determines the following factors: spatial concentration of population and urban agglomerations development (density); economic distance is related not only to the remoteness of markets, but also to the level of infrastructure development, which affects the transaction expenses (distance); institutional barriers that minimize the mobility of goods, factors of production, and limit the access to public services that develop human capital (division).

Based on the concept of new economic geography, the World Bank experts created a cartogram which showed the countries that have the most wealth when GDP is compared using currency exchange rates (Figure 1). The results obtained demonstrate not only a disproportion between the economic weight of the countries (by the index of GDP) but also their physical size as well as distinguish main global regions according to the index of GDP.

Source [15] Figure 1. The cartogram of the proportion of global gross domestic product of the countries and the regions

The formation of new economic regions in the world economy is no longer limited by traditional geographic factors such as the availability of raw materials or proximity to the market. In terms of technological development they are likely to be caused by such factors as a capacity to innovate and "dynamic activities of local communities that through the constant
process of adaptation learned how to combine competition and cooperation” [16]. This also allows singling out such a line of integration process development, as transcontinental integration, which is a task-oriented process of creating interstate economic environment between countries which have no common borders and are located in different regions / continents, where a certain form (stage) of regional integration is settled, the main objective of which is to promote international competitiveness of integrating countries.

The expansion of different integration processes within the main triad regions of the world economy (European, North American and Asia-Pacific ones) embraces the formation of sub-regional, continental, and transcontinental associations based on the principles of open regionalism. With this in mind, one cannot but notice that the strategy of integration development of the countries has two components which are focused on:

1. the features and ways of deepening integrative interaction right within the integration association created (intra-regional component)
2. identifying the directions of integration policy focused on other countries engaged in the integrative interaction within the framework of continental and transcontinental model (internal component).

The process of deepening and expanding integration will depend on balanced use of the development of potential of the integration process, which differs considerably in the basic models of regional integration used. The need for a comprehensive consideration of the ways and intensity of the impact of many factors (both internal and external) determine the advisability of the integrated indices use for the assessment of development potential for the integration process; as these indices provide a generalizing, comprehensive and quantitative characteristics of regional economic integration process occurring in the world economy at a time.

Now it is safe to say that there is no unified general model of regional trade agreement in the world, because each country or integration association applies, in most cases, an integrated approach to the use of integration agreements in terms of the access to new markets, the increase of the number of investment opportunities, the reduction of transaction expenses, to creation of uniform technical standards and requirements, the protection of intellectual property rights, the creation of common competition policy and transparency of state regulation mechanism. Such a complex approach will contribute to the deepening integrative cooperation with partner countries and the establishment of predictable political conditions that influence the development of trade and economic cooperation with all regions within a certain interstate economic area, as well the expansion of continental and transcontinental integrative cooperation.

The deepening and the expansion of the most advanced models of regional integration existing in the world economy (European, North American and Asia-Pacific) will have the greatest influence on the regionalization of the world economy with further formation of the world global space. The engagement of other countries on a regional, continental or transcontinental basis and the establishment of free trade zones and other forms of "soft" integration will promote the "new regionalism" development and the emergence of fundamentally new integration entities which are not of the regional but of the transcontinental nature that fall under the level of international meta-regions in the world economy. With this in mind, development, deepening and expansion of continental and transcontinental lines of regional integration are complementary lines of the world economy regionalization development. Countries choose their own strategy of participation in the processes of regional integration depending on the tasks that are defined by their level of social and economic development, real potential, nature of foreign relations and so on. Considering the integration component of further development of the world countries strategy one should pay attention to two aspects. First one - the features and areas of deepening the integrative interaction right
inside the existing integration associations; Second one - determining the directions of integration policy focused on other countries involved in interaction within the continental and transcontinental models.

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