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THE ANALYSIS OF THE UKRAINE'S INTERNATIONAL COMPETITIVENESS IN THE EUROPEAN INTEGRATION CONDITIONS

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Abstract. *The paper's aim is to analyze the Ukraine's international competitiveness and the prospects for its improvement in the European integration's conditions. The term "international competitiveness of the country" was systematized in the paper. It was determined that the country's international competitiveness is a broad and ambiguous concept. From the side of economic science, this concept is analyzed from several directions at once. The structure of the international competitiveness of the economy and its individual elements is studied, the driving factors that influence changes in the state of international competitiveness are identified, the mechanisms and directions for improving the state of international competitiveness of the country's economy as a whole and its foreign trade system in particular are analyzed. The application of statistical methods for assessing the the country's international competitiveness was summarized and substantiated. The place of Ukraine in the European competitive environment was determined. The role of foreign trade in the system of the Ukraine's international competitiveness in the European integration's conditions is characterized. The results of the paper demonstrate that in the conditions of crisis phenomena observed in the Ukraine's economy in recent years, the efficiency of the country's functioning and its competitiveness have significantly decreased. In connection with this, ensuring the country's development becomes an urgent aspect, the improvement of which will contribute to increasing the competitiveness and efficiency of its functioning in the market environment. The practical significance lies in the definition of the organizational and economic mechanism for ensuring the Ukraine's international competitiveness, which involves the improvement of three main factors of influence: infrastructure, foreign trade, innovations and investments.*

Keywords: *international competitiveness of the country, European competitive space; Global Competitiveness Index; balanced foreign trade; integral indicator of international competitiveness; organizational and economic mechanism of increasing international competitiveness.*

АНАЛІЗ МІЖНАРОДНОЇ КОНКУРЕНТОСПРОМОЖНОСТІ УКРАЇНИ В УМОВАХ ЄВРОПЕЙСЬКОЇ ІНТЕГРАЦІЇ

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Анотація. *Метою статті є аналіз міжнародної конкурентоспроможності України та перспективи її підвищення в умовах європейської інтеграції. В роботі було систематизовано термін «міжнародна конкурентоспроможність країни». Було узагальнено та обґрунтовано застосування статистичних методів оцінювання міжнародної конкурентоспроможності економіки країни. Було визначено місце України в європейському конкурентному середовищі. Охарактеризовано роль зовнішньої торгівлі в системі міжнародної конкурентоспроможності економіки України в умовах європейської інтеграції. Результати дослідження демонструють, що в умовах кризових явищ, які спостерігаються в економіці України протягом останніх років, ефективність функціонування країни та її конкурентоспроможності значно знизилася. У зв'язку з цим актуальним аспектом стає забезпечення розвитку країни, підвищення якого сприятиме підвищенню конкурентоспроможності та ефективності її функціонування в ринковому оточенні. Практична значимість полягає у визначенні організаційно-економічного механізму забезпечення міжнародної конкурентоспроможності економіки України, який передбачає удосконалення трьох основних факторів впливу: інфраструктури, зовнішньої торгівлі, інновацій та інвестицій.*

Ключові слова: *міжнародна конкурентоспроможність країни, європейський конкурентний простір; Індекс глобальної конкурентоспроможності; збалансованість зовнішньої торгівлі; інтегральний показник міжнародної конкурентоспроможності; організаційно-економічний механізм підвищення міжнародної конкурентоспроможності.*

JEL Classification: F020, F530.

The problem formulation. At the current stage of world economy's development, an important problem is ensuring the country's competitiveness. The quality of the system of economy's international competitiveness characterizes the country's position in the world, and also significantly affects its national security. The complexity and variety of forms and methods of conducting foreign economic activity in today's conditions is the result of the construction of a

interrelationships modern system and interdependence of the world economies. In such conditions, the concept of "economy's international competitiveness" is associated with the concept of "the country's economy sustainable development." The foreign economic activity success of the national economy subjects forms the state of the economy's international competitiveness. Adaptation to new challenges from the world economy becomes the most important task both for micro-level entities and for the countries economies as a whole, the success of which lies precisely in the plane of competitiveness. The Ukraine's external integration into the global economic space plays an important role in the the domestic economy development, which is why Ukraine is interested in a favorable environment that would facilitate access to foreign markets and ensure stable trade flows based on the constant increase in the domestic production competitiveness.

The Association Agreement between Ukraine and the European Union is a new format of relations aimed at the creation of a deep and comprehensive free trade area (FTA) between Ukraine and the EU and the gradual integration of Ukraine into the internal market of the European Union. In 2022 Ukraine became a candidate country for the European Union.

The analysis of recent research and publications. Studying issues of increasing the country's international competitiveness dedicated to the scientific work of Ukrainian and foreign scientists-economists, such as: Chepelyuk M., Bazhenova O., Marchenko I., Artamonova H., Brenzovich K., Bersutska S., Kytsyuk I., Porter M., Krugman P. and others.

The unresolved parts of the overall problem. Despite the significant scientific achievements, the scientists's works and other publications, the problems of increasing Ukraine's international competitiveness require further research aimed at identifying its prospects in the European integration conditions.

The paper's aim. The main paper's aim is to analyze Ukraine's international competitiveness in the European integration conditions.

The basic material. The approaches to defining the concept of "countries's international competitiveness" and its elements differ in a wide variety. Under the country's competitiveness, economists have in mind several meanings, namely: its ability to produce and sell more material assets than their competitors on world markets [1, p. 2]; its degree of ability to produce goods and services under the conditions of a free and fair market [2, p. 25]; its economic possibility to pay for the received funds [3, p. 197]; its ability to produce goods and services that meet the requirements of world markets and create conditions for increasing state resources at a speed that allows for sustainable GDP growth rates and the quality of life of the population at the level of world values [4, p. 64-65].

The definition of the concept of "international competitiveness" is based on factors that can be grouped into the following:

foreign trade. Define international competitiveness as the ability of countries to oppose each other in world trade in the sense of expanding exports and limiting imports;

pricing. The quality of the economy to control the level of inflation in the country and to maintain a "realistic" exchange rate and prices for goods or services that are acceptable to foreign partners;

nonpricing. Availability of goods or services of national producers of defined quality parameters, operational characteristics, conditions and timeliness of deliveries, means of calculations, level of service and other close factors that ensure success in competition;

supporting. The ability of the state to provide support for the export activities of business entities and to provide guarantees that protect against commercial, political and other types of risks.

Thus, the country's economy international competitiveness is a broad and ambiguous term.

The competitiveness is ultimately realized through trade, determined by the presence of competitive industries and industries in it. But the basis of competitive advantages is created at all levels of social production, in particular, to a large extent due to structural restructuring and effective industrial policy. Therefore, increasing the domestic producers competitiveness is the most important priority of the country's social and economic policy.

It is proposed to use a wide range of scientific research methods, both general scientific and multifactorial mathematical methods.

The main statistical indicators of the balance of foreign trade are:

index of the country's foreign trade volume per capita (I_{fpp});

index of the share of foreign trade turnover in the country's GDP (I_{ftturn});

the index of the specific weight of the country's exports to far-off countries in the country's total exports, since the sale of products in more developed countries indicates the level of

development of equipment and technologies, which allows satisfying the high needs of buyers (I_{ex});

the index of the export-import coverage ratio, which reflects the balance of the country's foreign trade (I_{exim}).

The calculation of the integral index of the country's international competitiveness is carried out according to the formula:

$$I_{IC} = \sqrt[4]{I_{ftpp} I_{ftturn} I_{ex} I_{exim}} \quad (1)$$

The international competitiveness largely depends on the availability of three main factors of production - natural resources, labor resources and capital; and three factors of the highest level - infrastructure, scientific potential, level of education of the population. Also, in modern conditions, the main competitive advantage is the technological separation from competitors, that is, the ability of the country's leading structures to create new technologies and high-tech knowledge-intensive products [5].

There are many indices for determining the countries's competitiveness in the modern globalized space, but the study proposes to conduct all calculations and comparative analyzes on the basis of three authoritative integral indicators, which are calculated by analysts of the largest international organizations and forums.

The Global Competitiveness Index (GCI) is a global study conducted by the World Economic Forum that determines the ability of the economy to grow in the long term. In 2018, the methodology for calculating GCI was updated. Such an update is conditioned by the need for more accurate accounting of factors of global competitiveness in the conditions of the upcoming fourth industrial revolution, hence the name GCI 4.0. Within the framework of the new methodology, factors (drivers) of global competitiveness are grouped into 4 levels: creation of favorable conditions; human capital; markets and innovation ecosystem [6]. As before, the levels of competitiveness are divided into 12 sub-levels, the names of which are largely borrowed from the previous methodology, but their filling with specific indicators and the calculation method are significantly different from the previous versions of the rating, namely: institutions quality; infrastructure; macroeconomic stability; health and primary education; higher education and professional training; the goods and services market efficiency; the labor market efficiency; development of the financial market; level of technological development; the the domestic market size; companies competitiveness; innovative potential.

According to the 2019 rating, Ukraine has 85th place among 141 countries (the highest was 72nd in 2008, the lowest was 89th in 2010 and 2018) (see Fig. 1.)

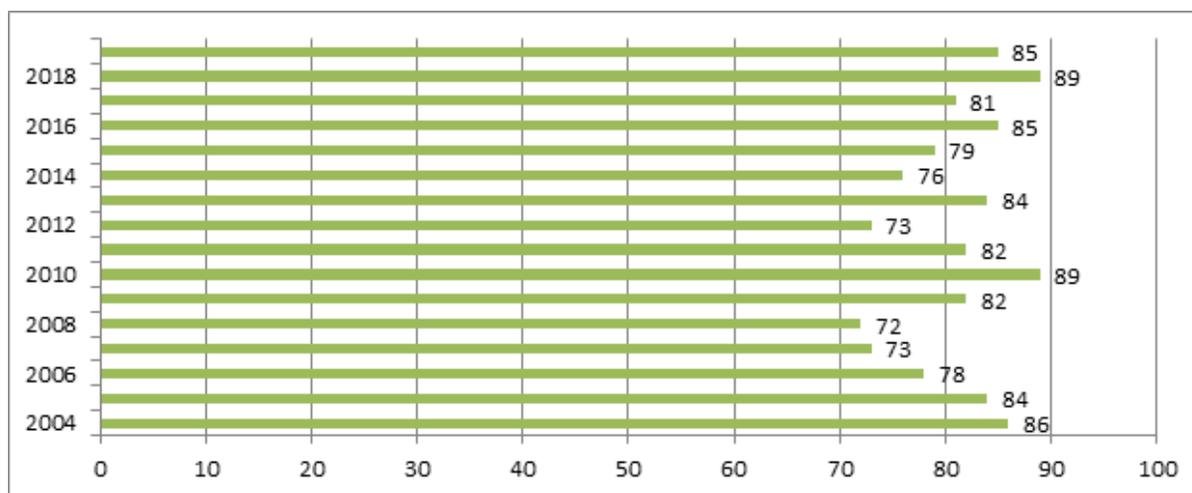


Fig. 1. Dynamics of Ukraine's position in the global competitiveness rating in 2004-2019

Source: compiled by the author according to [6]

Let's compare the Ukraine position in the 2019 GCI rating with the positions of EU countries and other European countries (see Fig. 2.). As can be seen from fig. 2. Ukraine had one of the lowest positions in the 2019 GCI rating among EU countries and other European countries. Only

Moldova occupies a lower position. However, the Global Competitiveness Index also reveals a number of problems that slow down the growth of the country's competitiveness. Research conducted as part of the study of global competitiveness revealed the following main problems of Ukraine competitiveness [7, p. 87]. The political instability factor (against the background of the political crisis and war operations in Ukraine), corruption (the main barrier to the institutional environment sustainable development) and difficult access to financing (the cause of which is the underdevelopment of the financial sphere) became especially important and the Ukraine banking sector instability, which are the key to the modern market economy sustainable development).

These problems are the biggest obstacles to Ukraine doing business and have a systemic and deep nature, as evidenced by the low level with a tendency to further deterioration of Ukraine's competitiveness.

The annual rating of global competitiveness (The IMD World Competitiveness Yearbook) is also a global study calculated according to the methodology of the leading European Institute of Management (Institute of Management Development, IMD), based in Lausanne (Switzerland) [9].

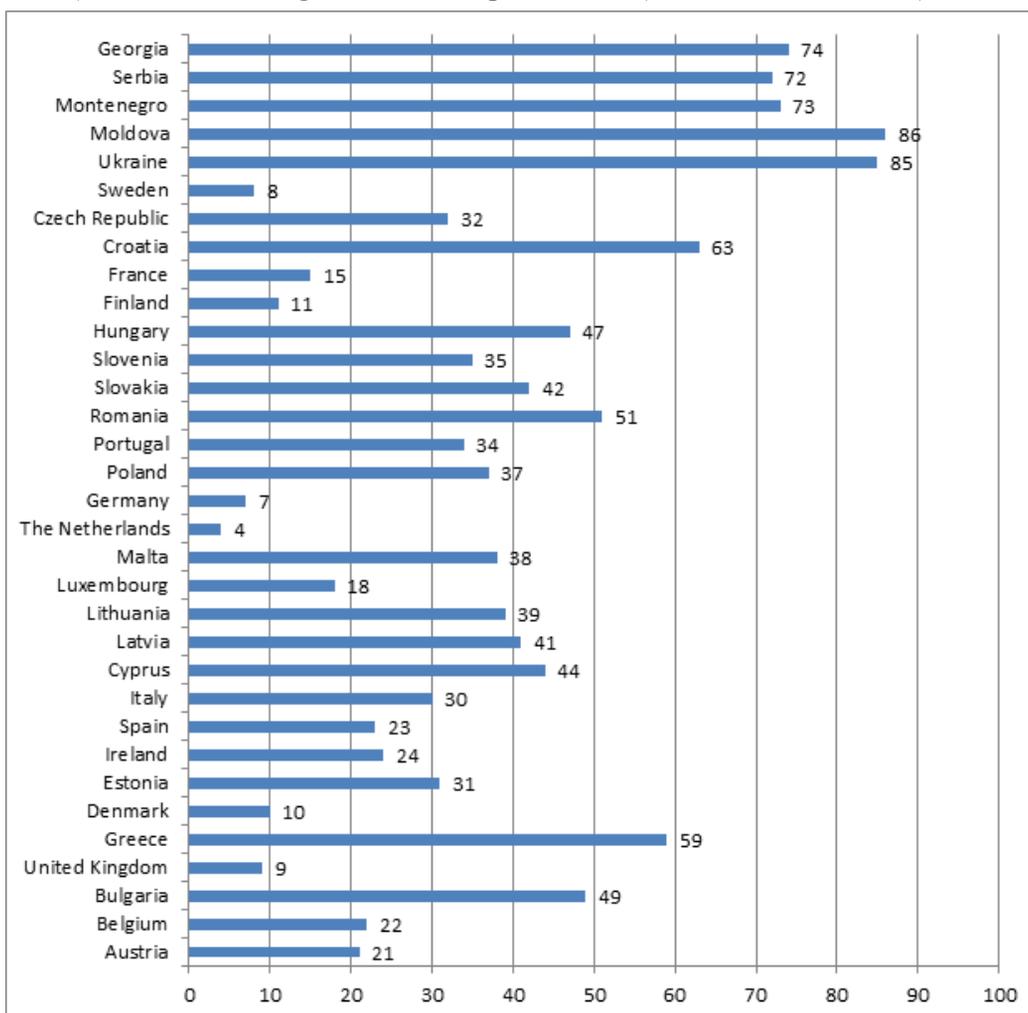


Fig. 2. The position of the EU countries and other European countries aiming for integration into the EU in the global competitiveness rating in 2019

Source: compiled by the author according to [8]

Under the country's competitiveness, the Institute understands the ability of the national economy to create and maintain an environment in which a competitive business emerges. The Institute has been conducting annual analytical research on competitiveness since 1989 together with research organizations around the world. Each country in the rating is evaluated based on an analysis of 330 criteria for four main indicators of key aspects of the country's economic life: the economy state; government efficiency; the business environment state; the infrastructure state.

In 2020, new criteria were also added, reflecting the importance of achieving the UN Sustainable

Development Goals. The criteria give an idea of where the economy stands in relation to various sustainable development goals to be achieved in 10 years (such as education and environment, inclusion and empowerment, aging and health). An important component of competitiveness research is bringing the used criteria into line with important problems of the world economy.

Let's consider Ukraine's position in the rating compared to EU countries in 2020 (see Fig. 3).

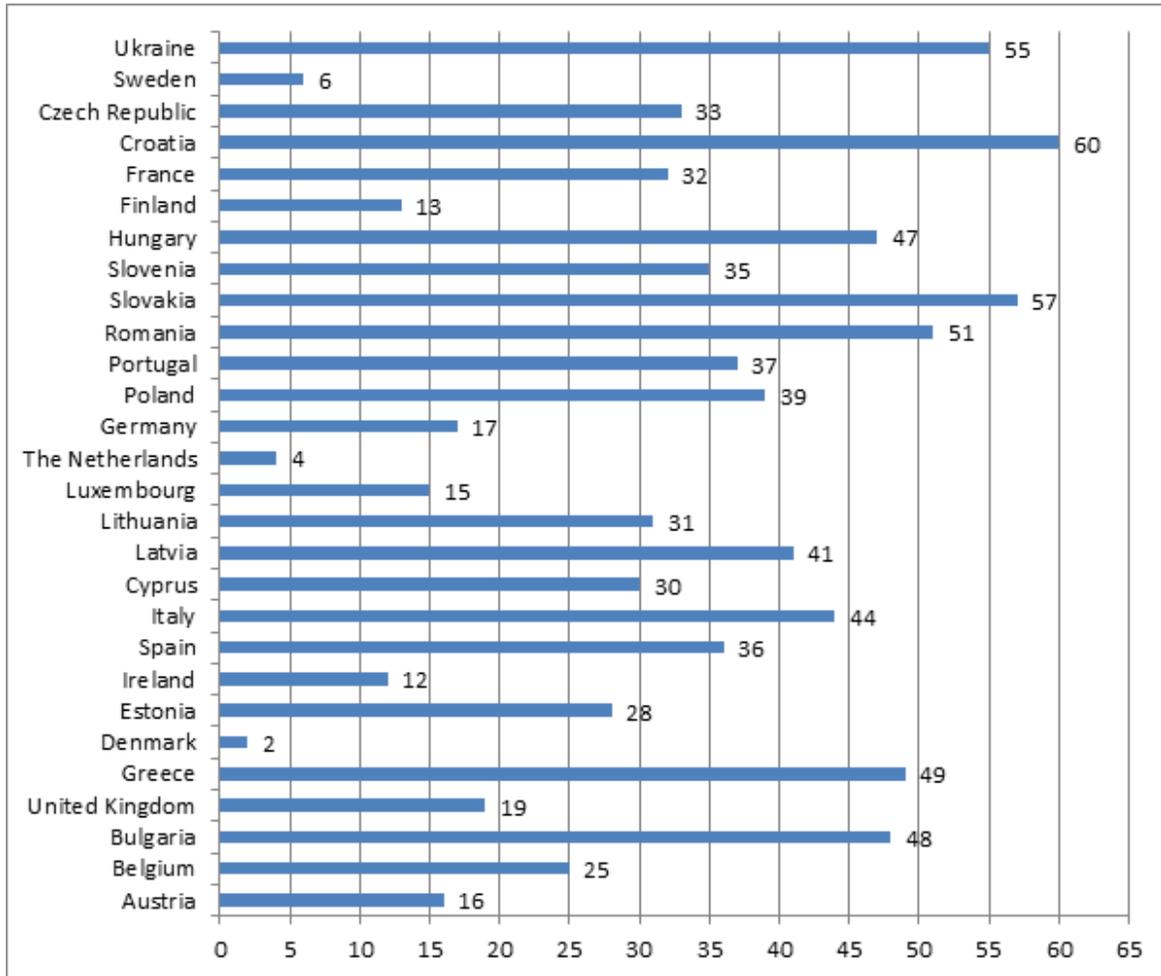


Fig. 3. The position of the EU countries and Ukraine in the global competitiveness rating of the Institute of Management in 2020

Source: compiled by the author according to [9; 10]

Currently, Ukraine occupies the 55th place out of 63, and accordingly, only Croatia (60th position) and Slovakia (57th position) have worse indicators than Ukraine.

No rating provides an objective assessment of the country's competitiveness without assessing dynamic changes in certain indicators.

In our opinion, the main challenge for Ukraine's competitiveness is the restoration of economic growth, which would reduce unemployment and improve living conditions. In addition, it is important to attract domestic and foreign investments, reform the judicial system, fight against corruption, and end the conflict situation within the country. Thus, improving the quality of state power institutions is a primary task aimed at improving the internal environment conditions, which is an important stage on the way to improving the level of Ukraine's economy international competitiveness.

The second aspect of improving the level of international competitiveness is finding the Ukraine's foreign trade competitive advantages, namely increasing the existing ones and creating promising ones. Therefore, it would be appropriate to analyze the Ukraine's international competitiveness from the point of view of the foreign trade balance and calculate the integral index of international competitiveness.

We will evaluate the Ukraine's international competitiveness according to the specified indicators (see table 1.).

Table 1

Analysis of Ukraine's international competitiveness based on the balance of foreign trade in
2016-2020

Indicators	2016	2017	2018	2019	2020
Index of the country's foreign trade volume per capita	1,003	1,237	1,399	1,492	1,402
Index of the specific weight of the country's exports to countries far abroad in the country's total exports*	1,013	0,949	0,9272	1,038	1,157
Index of the share of foreign trade turnover in the country's GDP	0,974	0,997	0,9611	0,866	0,801
Export-import coverage coefficient index	0,9115	0,858	0,814	0,810	0,890
<i>The integral indicator of international competitiveness</i>	<i>0,975</i>	<i>1,001</i>	<i>1,003</i>	<i>1,021</i>	<i>1,037</i>

Note: 2015 is the base year; *under the countries far abroad are meant the countries of Asia, Africa, America, Australia and Oceania

Source: calculated by the author according to [11]

So, as can be seen from the data calculated in the table 1., the Ukraine's international competitiveness integral indicator in terms of the foreign trade balance tends to increase. So, if in 2016 it was 0.975, then in 2020 it is already 1.037. In general, it can be noted that the Ukraine foreign trade has a sufficient level of competitiveness.

Conclusions. In the paper it was determined that according to the 2019 Global Competitiveness Index ranking, Ukraine was in 85th place among 141 countries (the highest was 72nd in 2008, the lowest was 89th in 2010 and 2018). In 2019, Ukraine had one of the lowest positions in the GCI rating among EU countries and other European countries. According to the global competitiveness rating of the Institute of Management, Ukraine ranks 55 out of 63, and accordingly, only Croatia (60th position) and Slovakia (57th position) have worse indicators than Ukraine among European countries. The assessment of Ukraine's international competitiveness based on the balance of foreign trade in 2016-2020 showed that the Ukraine's international competitiveness integral indicator based on the foreign trade balance has a tendency to increase. So, if in 2016 it was 0.975, then in 2020 it is already 1.037.

The conducted research proved that in the conditions of crisis phenomena observed in the economy of Ukraine in recent years, especially after the full-scale military aggression of the Russian Federation, the efficiency of the country's functioning and its competitiveness decreased significantly.

In connection with this, ensuring the development of the country becomes an urgent aspect, the improvement of which will contribute to increasing the competitiveness and efficiency of its functioning in the market environment. This can be achieved through the formation of a scientifically based economic mechanism, which defines a set of actions aimed at improving the competitiveness of Ukraine. In our opinion, such a mechanism should be based on the improvement of three main influencing factors: infrastructure, foreign trade, innovation and investment.

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