MINISTRY OF EDUCATION AND SCIENCE UKRAINE
WEST UKRAINIAN NATIONAL UNIVERSITY

Department of International Economics

NOTE OF LECTURES IN DISCIPLINE
«EU MARKET»

Ternopil
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CONTENT

1. DESCRIPTION OF THE «EU MARKET» COURSE

Discipline – EU market	Branch of knowledge, Specialty, Educational professional program, Degree of higher education	Characteristic of the discipline
ECTS credits – 5	**Branch of knowledge 05** «Social and behavioural sciences»	**Normative discipline** **Language of learning: English**
Number of credit modules – 4	**Specialty 051** «Economics»	**Year of training:** **full-time studying – 4.** **part-time studying – 4.** **Semester:** **full-time studying – 8.** **part-time studying – 8.**
Number of content modules – 2	**Educational professional program – International economics**	**Lectures:** **full-time studying – 48 hours.** **part-time studying – 8 hours.** **Seminars:** **full-time studying – 48 hours.** **part-time studying – 4 hours.**
Total hours – 150 hours.	**Degree of higher education – bachelor**	**Self-preparation:** **full-time studying – 48 hours., including training – 4 hours.** **part-time studying – 138 hours.** **Individual work (full-time studying) – 6 hours.**
Hours per week – 19 hours., among them in audience – 12 hours.		**Final control:** **full-time studying – exam.** **part-time studying – exam.**

2. OBJECTIVE AND TASKS OF THE «EU MARKET» COURSE

2.1. Purpose of the discipline «EU market» is formation students' knowledge and skills in the field of European integration and also formation of common EU market, including a retrospective analysis of the peculiarities of the EU creation and institutional support for the implementation of European integration policy; assessment the impact of European integration processes on the socio-economic development of EU member states, as well as analysis the problems and prospects of EU functioning in the context of disintegration processes on the European continent and the impact the EU-Ukraine Association Agreement on further trade and economic relations between partners.

2.2. Tasks of the discipline:

As a result of studying the discipline **«EU market»** the student should know:

- Theoretical foundations research of integration unions functioning and development;
- Reasons which impact disintegration processes and its consequences for member states;
- Peculiarities of EU enlargement and institutional management;
- Features common external, defense and trade policy of EU member states;
- Problematic aspects of Eurozone and EU functioning under disintegration in European continent;
- Challenges and opportunities the cooperation between Ukraine and EU countries under signed Association Agreement and visa liberalization between business partners.

2.3. Name and description of competencies, the formation which ensures the discipline:

- ability to explain integration and disintegration processes on the example of the EU, to analyze and interpret their impact on the further of the EU functioning and relations between the EU and the UK;
- ability to draw the strategies of enterprises capture at EU market.

2.4. Prerequisites for study of discipline:

Discipline: **«EU market»** has structurally-logical connection with the following disciplines: «International economics», «Microeconomics», «Macroeconomics», «Global macro and microeconomics».

2.5. Program results of study.

As a result of studying the discipline "**EU market**", professional competencies have been formed, which give students the knowledge and skills to solve practical problems, namely:

- be able to analyze and interpret integration and disintegration processes within EU and also to research EU market;
- to analyze the Association Agreement between the EU and Ukraine functioning and in this context to assess the development of economic entities, their competitiveness in the EU market.

3. NOTE OF LECTURES IN DISCIPLINE «EU MARKET»

Theme 1. International economic integration.

Definition and importance of International economic integration. The factors of international economic integration development. The types of regional economic integration and its characteristics. The consequences of international economic integration for member states of integration unions. The peculiarities of FTZ formation. The FTZ models. The Effects of FTZ formation for member states.

International economic integration – is a high, effective and promising stage of development of world economy, a new and more challenging phase of the internationalization of economic relations. At this stage is not only a convergence of national economies, but also provides a joint solution of economic problems.

Definition (by Business Dictionary) **Economic integration** is an agreement among countries in a geographic region to reduce and ultimately remove, tariff and non tariff barriers to the free flow of goods or services and factors of production among each others; any type of arrangement in which countries agree to coordinate their trade, fiscal, and/or monetary policies are referred to as economic integration.

An increase of welfare has been recognized as a main **objective of economic integration.** The In particular, **economic integration is expressed in**:

• cooperation between the national economies of different countries and all or part of their unification;

• elimination of barriers to the movement of goods, services, capital, labor force between these countries;

• convergence of the markets of each individual country to form one single (common) market;

• reducing differences between economic agents belonging to different States;

• absence of any form of discrimination of foreign partners in each of the national economy etc. increase of trade between member states of economic unions is meant to lead to the increase of the GDP of its members, and hence, to better welfare.

There are two kinds of targets of the economic integration: **economic and political ones.**

The main economic target is: progress of economic effectiveness, and in a consequence, economic development, which a synthetic factor is an increase of the national product and income.

While, to the more analytical targets, we can count:

- modernization of economy, by leading structural changes in production zone;
- free flow of goods, services, labor force and production factors, easy access to outside production factors, that means natural sources and technical knowledge;
- free access to foreign markets,
- reaching profitable prices in import and export,
- progress of specialization and cooperation in production,
- lower costs of technical progress and its higher dynamics.

Also the second group of targets – **political ones** – played an essential role in European integration.

Integration also enables a realization of **cultural targets**. It comes true, by leveling language barriers, ethnic conflicts, closeness all nations and singular people.

Besides, integration allows realize targets, coming from global needs. First of all, it is protection of environment, prevention an arms race or disadvantageous demographic phenomenon.

Premises of integration can be divided into **economic and outside economic ones.**

Economic premises, appeared in integration ideas in Europe of capitalistic system, what had place in18th century. Before, premises of internal and outside safety, as well as premises of political nature, were dominated. In case of integration countries, creating Council for Economic Assistance, political reasons dominated over economic premises.

To the outside economic premises belong: political and social ones and premises of internal and outside safety. To the political premises, we count uniform system and similarity of targets of foreign politics.

Social premises come from a general development of civilization, which limits basic standards in existence and organization of life. Premises of internal and outside safety, define in going to strengthen a defending position of integration grouping, towards surrounding and preventing international conflicts. Another group of outside economic premises, are needs to a common creation of infrastructure of communication and informatics. Also, in environmental protection, cooperation of countries in prevention of pollution, and leveling their negative results, is necessary.

To the **political reasons of integration of developing countries**, belong: strengthen their political position and auction strength in relations with other countries, especially with highly developed ones.

Unfortunately, despite numerous positive aspects of integration for developing countries, real integration processes, meet many difficulties and go very slowly. The results lie in a low level of economic development of these countries and a lack of complementarity of their economy.

Preferential Trade Agreement (PTA):

- The simplest form of economic integration.
- Offers member countries tariff reductions in certain product categories.
- Discrimination or preferential treatment for some countries is not allowed as it is against the principle of Most Favoured Nation (MFN) under the WTO.
- Represents a unilateral relationship as tariffs would be reduced only in one direction.

Free trade area: In the modern sense is a preferential area, within which is supported free of quantitative restrictions on international trade in goods. As a rule, the specific agreement of the relevant areas and provide for the establishment of a free trade area in industrial goods over a number of years through the progressive and reciprocal abolition of customs duties and other non-tariff restrictions.

Customs Union: This is a form of collective protection. It can be defined as an agreement between two or more states to abolish customs duties on trade between them. According to Art. XIV of the General Agreement on Tariffs and Trade

(GATT), the Customs Union plans to replace several customs territories in a complete abolition of customs duties within the trade agreement and the establishment of a common external customs tariff.

Common Market:

- An agreement between two or more countries to remove all barriers to trade and allow free mobility of capital and labor across member countries.
- Harmonize trade policies by having common external tariffs against non-members.

Example is the European Union (EU) previously known as **European Economic Community(EEC).**

Economic Union:

- An agreement between two or more countries to remove barriers to trade, allow free flow of labor and capital and coordinate economic policies.
- Sets trade policies through common external tariffs on non-members.
- Integration is more intense in an economic union compared to a common market, as member countries are required to harmonize their tax, monetary, and fiscal policies and to create a common currency.

Example is the **European Union (EU)** where economic and monetary integration has created a single market with a common euro currency.

Political Union – this is a transition from integration to form a unified confederal state. Federalism implies the creation of a single state. The driving forces of integration in accordance with this concept, are political factors, and the union meets the needs of countries, as signs cooperation in solving common problems (the formation of a federation or confederation).

To analyze the evolution of integration from this perspective we start with the following axioms on global village economies that must be verified by an integration index.

Axiom 1. Openness: The more open an economy is, the more integrated it will be.

Axiom 2. Balanced relationships: An economy that balances its direct relationships with other economies, in proportion to their size, will have a higher level of integration.

Axiom 3. Indirect relationships: An economy that reinforces its relationships with other economies through indirect relationships across third economies will have a higher level of integration.

Axiom 4. Size: The bigger an economy is, the more relevant its integration will be for the world economy globalization (global level of integration).

Advantages Of Economic Integration:

- **Trade Creation**: Member countries have (a) wider selection of goods and services not previously available; (b) acquire goods and services at a lower cost after trade barriers due to lowered tariffs or removal of tariffs (c) encourage more trade between member countries the balance of money spend from cheaper goods and services, can be used to buy more products and services.
- **Greater Consensus:** Unlike WTO with huge membership (164 countries), easier to gain consensus amongst small memberships in regional integration.

- **Political Cooperation:** A group of nation can have significantly greater political influence than each nation would have individually. This integration is an essential strategy to address the effects of conflicts and political instability that may affect the region. Useful tool to handle the social and economic challenges associated with globalization.
- **Employment Opportunities:** As economic integration encourage trade liberation and lead to market expansion, more investment into the country and greater diffusion of technology, it create more employment opportunities for people to move from one country to another to find jobs or to earn higher pay. For example, industries requiring mostly unskilled labor tends to shift production to low wage countries within a regional cooperation.

Disadvantages Of Economic Integration:

- **Creation Of Trading Blocs**: It can also increase trade barriers against non-member countries.
- **Trade Diversion:** Because of trade barriers, trade is diverted from a non-member country to a member country despite the inefficiency in cost. For example, a country has to stop trading with a low cost manufacture in a non-member country and trade with a manufacturer in a member country which has a higher cost.
- **National Sovereignty:** Requires member countries to give up some degree of control over key policies like trade, monetary and fiscal policies. The higher the level of integration, the greater the degree of controls that needs to be given up particularly in the case of a political union economic integration which requires nations to give up a high degree of sovereignty.

References: [1-14]

Theme 2. Integration and its impact on disintegration.

The peculiarities of disintegration processes. The types of disintegration. The reasons of disintegration processes. The consequences and impact of disintegration processes on country's economy.

The term **«economic disintegration»** has been introduced into the literature since 1938, when world scientists L. Mises, W. Ropke, M. Bono, F. Hayek, and F. Gilgert began to study the causes and consequences of the Great Depression of 1931–1933.

The basis of international economic disintegration theories is the fact of increasing trade barriers and restricting the movement of factors of production, as well as increasing differences in economic policies of disintegrating countries.

The Economic Encyclopedia offers the following definition. «**Disintegration** – the disintegration of the integral structure, its division into parts, constituent elements, weakening, disruption and rupture of ties and relations in the integral system» does not contradict, for example, the definition given by V. Ya. Fedorenko

«**Disintegration** is the restoration of integrity in within the national economy with the destruction of permanent interethnic and interstate ties».

According to the criterion of the term of implementation are:

- **shock disintegration** – an unexpected, quick solution and exit from the integration association; is typical of those types of integration that have been built on informal trade;

- **stagnant (latent) disintegration** – is characterized by a long period of flow, mostly due to the union of states that differ in different respects, or the interaction of countries with different stages of integration.

According to the criterion of consequences, disintegration is classified as:

- conflict disintegration – its feature is the interaction of states with a high rate of disintegration, in which case the political system initiates the process of disintegration, and the economy is forced to take the blow and adapt to disintegration processes;
- divergent disintegration – is manifested through the fragmentation of the economy, which is directly related to the reorientation of economic relations. This indicates that a characteristic feature of divergent disintegration is a change in the structure of trade and the movement of factors of production.

By nature, disintegration processes are divided into:

- contractual disintegration – the main feature of this type is the contractual nature of economic cooperation between the two parties through the conclusion of relevant agreements and consideration of certain obligations;
- forceful, forced disintegration – is carried out as a result of wars, illegal occupation of territories, etc., in modern conditions, forceful disintegration is manifested through covert or overt aggression of some countries.

The driving force behind the formation and development of the process of international economic disintegration are:

- states (above) – the main contradiction is the difference of views on a particular course of economic policy of the integration association, the inconsistency of priorities, goals and objectives of both parties, the emergence of conflict and claims on economic and political grounds;
- enterprises (below) – objects that give impetus to the presence of a number of problems and the desire to leave a certain economic integration association to the rule of their state. Usually, small and medium-sized enterprises do not have a significant influence on the decision-making of disintegration processes, in which case TNCs play an important role.

Regression of levels in international economic disintegration is similarly opposite to the step-by-step integration procedure:

Stage 1 – trade preferences;
Stage 2 – free trade zone;
Stage 3 – customs union;
Stage 4 – common market;
Stage 5 – economic union;
Stage 6 – full integration (including political integration).

Thus, disintegration caused by a conflict of interest arises when integration is coercive under pressure from a hegemonic country and, for good reason, internal / external crises that disintegrate the integration union into separate parts that seek to maximum autonomy and independence.

Otherwise, latent disintegration takes place. The nature of the disintegration processes of this model does not mean the complete disintegration of the relationship, the integration core stands out, which is interested in further cooperation.

Although the nature of latent disintegration is milder, it occurs for a number of important reasons:

1. Uneven distribution of income due to similar location and development of industries.

2. Cyclical, progressive or stagnant differentiation of economic and social development, constant degradation of the economies of integrated states.

3. Constant change in the dynamics of investment, employment, unemployment, GDP, inflation.

4. The presence of social tensions due to the high social differentiation of the population of the countries that are members of the integration association.

5. Lack of significant change in improving the economic performance of the state, «imposing» integration on weaker partner countries.

6. The inability of the government of the integration association to overcome inequalities in the economic, social, infrastructural, financial, environmental, technological levels of development.

7. Inefficiency of economic growth of the state, due to low growth of utility of jointly produced goods, services, investments; additional transaction costs for integration activities.

8. Lack of common strategy, tactics, priorities, goals, guidelines, economic policy, effective mechanisms for its implementation.

9. Inconsistency of cultural and institutional development.

10. The division of all parties to the integration process into «active» and «passive», which in most cases cause political conflicts and harm the effectiveness of economic cooperation.

The negative effects of disintegration can be grouped into several groups:

– the need to reorient production: the search for new suppliers, raw materials, markets. Disintegration processes are destroying existing ties between countries. At any stage of integration, the exit from the union is associated with the abolition of preferential terms of trade and investment. In this case, products from former partner countries become more expensive and have no advantage over global counterparts.

– violation of social and political stability, the tense situation in the country can provoke significant economic losses.

Disintegration represents a deterioration of relations with former partner countries, and often involves not only changes in economic conditions but also the political course of the state. Troubles related to the reorientation to other markets provoke economic stagnation, uncertainty of the further course of the state creates uncertainty of the population.

In addition, with the support of the ruined integration association among the population, social tensions are escalating. This can lead to mass protests, rallies, leading to state economic losses; change of terms of trade, crediting and investment with the countries of the integration association. The members of the integration association usually provide support, which is enshrined in the terms of the agreements. Within the framework of unification at the stage of «common market» between the countries there are no barriers to capital movements. This provokes a significant influx of investment to member countries, not only from the bloc, but also from other countries.

At the same time, one can trace the benefits of disintegration as well exactly:

– free choice of policy, not limited to the conditions and values of the integration association. Integration associations are created mainly to ensure common goals: improving the economic competitiveness of countries, strengthening positions in the world political arena, cooperation in a particular field.

Such goals dictate to countries the need to pursue a common policy, to prepare a common strategy, which in some cases forces states to give up national interests.

The process of disintegration frees countries from obligations and allows them to focus on the interests of their own country; the possibility of defending the interests of national producers and consumers.

In the process of negotiating an integration union, states have to make some concessions. Trade agreements in force at all stages of integration provide for the reduction or even complete elimination of tariff regulation between member states.

This leads to increased competition in domestic markets, producers from other countries with cheaper or better products are rapidly deteriorating the position of domestic producers, leading to the decline of the industry in which the country is uncompetitive.

This not only reduces the income of owners in the form of income, state income through taxes, but also reduces the number of jobs, leads to higher unemployment and lower living standards.

Refused of existing agreements allows to renew tariff barriers, protect national producers from competition and restore economic stability in the economy; preservation of cultural values and traditions. Integration between countries, especially at a more advanced stage, provides introduction of common generalized standards, rules and norms.

This facilitates the process of trade and cooperation between countries, but destroys the characteristics of individual countries, which also have their value.

Unified goods and services, due to the availability of wider markets, are rapidly displacing national products that are not in demand in other countries of the union and are usually more expensive and difficult to manufacture.

References: [1-14]

Theme 3. Research historical process of European integration.

The reasons of EU establishment. The process of EU creation and enlargement. The Maastricht Treaty. Nice Treaty та Constitution's Europe Treaty. The Lisbon Treaty and its characteristics. Common currency – euro and Eurozone development.

The European Union was not created in one go by the Maastricht Treaty, but was the result of gradual integration since 1945, an evolution when one level of union has been seen to work, giving confidence and impetus for a next level. In this way the EU can be said to have been formed by the demands of its member nations.

Why European cooperation and integration?

1. Wish to avoid a repeat of governmental failures culminated in two World Wars in the 20th century and expansionist nationalism (Nazi Germany).

2. Economic devastation caused by wartime destruction.

3. Emergence of two superpowers, the USA and the Soviet Union with competing economic and political ideologies.

4. Division of Europe (East and West) and the need for security from Soviet threat and expansionism.

5. Need for rapid development in standards of living and economic performance to establish long-lasting peace and security. Poor economic performance was perceived as providing a climate of political instability conducive to the growth of Fascism and Communism as the extreme ideologies.

6. Franco-German reconciliation as the bedrock of stability within Western Europe.

On May 9, 1950, the Schumann plan was proposed, to coordinate the French-German production of steel and coal. This date is seen as the most important step in the process towards European unification.

On April 18, 1951, at the prompting of French Foreign Minister Robert Schuman, the treaty establishing the **European Coal and Steel Community (ECSC)** was signed. This comprehensive economic integration of the coal and steel industries was intended to lead eventually to a political union.

In 1957 the so-called Treaties of Rome **(Euratom and EEC)** were signed.

The original members were Belgium, France, West Germany, Italy, Luxembourg, and The Netherlands.

The Euratom Treaty was meant as a new impetus for European cooperation and was set up to promote nuclear energy. In fact the idea for Euratom came from the side of the US, which liked the idea of a large, unified European nuclear market.

As one of the main reasons for a separate treaty for nuclear energy, was the mainly French wish to develop nuclear weapons and nuclear energy, independent of the US and the UK.

In June 1956, the French Parliament made the possibility to develop nuclear weapons a precondition for its support for Euratom. By permitting the development of French nuclear weapons, the French fear was dispelled.

A major incentive for the creation of Euratom was to facilitate the establishment of a nuclear-energy industry on a European rather than a national scale.

Other aims of the community were to coordinate:

- research in atomic energy,
- encourage the construction of nuclear-power installations,
- establish safety and health regulations,
- encourage the free flow of information and the free movement of personnel,
- and establish a common market for trade in nuclear equipment and materials.

Euratom's control was not extended to nuclear materials intended for military use.

Preferential liberalisation in **EEC** and **EFTA** proceeded (EEC's customs union and EFTA's FTA completed by 1968). When UK decides to apply for EEC (1961), 3 other EFTAns also change their minds De Gaulle's 'non' (twice, 1963, 1969).

First enlargement, 1973. UK, Denmark, Ireland & Norway admitted (Norwegians say no in referendum).

Enlargement of EEC reinforces 'force for inclusion' on remaining EFTAs. Remaining EFTAs sign FTA agreements with EEC-9. Domino-like affect of lowering barriers. **Greece** joins in 1981 (Is it still a bright spot?). **Spain and Portugal** join in 1986 after long a difficult accession talks.

Delors launches completion of the internal market with Single European Act (1986): create «an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured». Important institutional changes, especially move to majority voting on Single Market issues.

Single Market Programme:

Basic elements

Goods Trade Liberalisation

- Streamlining or elimination of border formalities.
- Harmonisation of VAT rates within wide bands.
- Liberalisation of government procurement.
- Harmonisation and mutual recognition of technical standards in production, packaging and marketing.

Factor Trade Liberalisation

- Removal of all capital controls, and deeper capital market integration.
- Liberalisation of cross-border market-entry policies.

Domino effect:

- Deeper integration in EC-12 strengthened the 'force for inclusion' in remaining EFTAns.
- End of Cold War loosened EFTAns' resistance to EC membership.
- Result of 'force for inclusion'.
- ✓ *EEA – initiative to extend single market to EFTAs.*
- ✓ *Membership applications by all EFTAns except Iceland.*
- Concentric circles, but both deeper.

Communism's spectacular collapse:

- By the 1980s, Western European system clearly superior due to the creeping failure of planned economies.
- Up to 1980s, Soviets upset reform efforts (economic & military pressure).
- Changes in USSR due to inadequacy economic system.

USSR collapses:

- 1990, Estonia, Latvia and Lithuania – declared their independence from the USSR.
- End of 1991, the Soviet Union itself breaks up.
- Cold War ends without a shot.
- Military division of Europe ended.

German unification and Maastricht:

- Jacques Delors proposes radical increase in European economic integration.
- Maastricht Treaty, signed 1992.
- ERM exchange rate crises.

Coming enlargement required EU to reform its institutions.

Three tries:

- Amsterdam Treaty, 1997.
- Nice Treaty, 2000.
- Draft Constitutional Treaty, 2003.
- Lisbon treaty 2007.

On December 1, 2009, the EU's latest institutional reform endeavor – the **Lisbon Treaty** – came into force following its ratification by all of the EU's then – 27 member states.

It is the final product of an effort begun in 2002 to reform the EU's governing institutions and decision making processes.

It amends, rather than replaces, the EU's two core treaties – **the Treaty on European Union (TEU) and the Treaty on the Functioning of the EU (TFEU).** Changes introduced by the Lisbon Treaty seek to :

– enable the EU to function more effectively;
– enhance the EU's role as a foreign policy actor; and
– increase democracy and transparency within the EU.

For the first time in the EU's history, the Lisbon Treaty also introduced an «exit clause» – **Article 50 of the TEU**-which outlines procedures for a member state to leave the EU.

A member state that decides to leave would invoke Article 50 by notifying the European Council of its intentions, which would trigger a two-year period for withdrawal negotiations to be concluded; the EU may also decide to extend the time for negotiations.

Nineteen of the EU's current 27 member states use a common single currency, the euro, and are often collectively referred to as «the Eurozone».

The gradual introduction of the euro began in January 1999 when 11 EU member states became the first to adopt it and banks and many businesses started using the euro as a unit of account. Euro notes and coins replaced national currencies in participating states in January 2002.

Eurozone participants share a **common central bank** – the European Central Bank (ECB) – and a **common monetary policy**.

However, they do not have a common fiscal policy, and member states retain control over decisions about national spending and taxation, subject to certain conditions designed to maintain budgetary discipline.

References: [1-14]

Theme 4. European Union and its institutions in process of the work.

The European Parliament. The European Commission. The European Council. The Council of Ministers of the Qualified majority. The Court of Justice. Key EU Positions and Current European Leaders.

There are dozens of EU institutions but only five are really important:

– **European Council**
– **Council of Ministers**
– **Commission**

– **Parliament**

– **EU Court.**

Others matter in specific areas or at particular moments.

«The **European Union (EU)** is not a federation like the United States. Nor is it simply an organization for co-operation between governments, like the United Nations. It is, in fact, unique.

The countries that make up the EU (its «member states») pool their sovereignty in order to gain a strength and world influence none of them could have on its own.

Pooling sovereignty means, in practice, that the member states delegate some of their decision-making powers to shared institutions they have created, so that decisions on specific matters of joint interest can be made democratically at European level».

The European Parliament, which derives its legitimacy from direct universal suffrage and is elected every five years, has steadily acquired greater influence and power through a series of treaties.

These treaties, particularly the 1992 Maastricht Treaty and the 1997 Amsterdam Treaty, have transformed the **European Parliament** from a purely consultative assembly into a **legislative parliament**, exercising powers similar to those of the national parliaments.

Today the European Parliament, as an equal partner with the **Council of Ministers**, passes the majority of European laws – laws that affect the lives of Europe's citizens.

Two main tasks:

– oversees EU institutions, especially Commission.

– it shares legislative powers, including budgetary power, with the Council and the Commission.

It currently has 705 members who are directly elected for five-year terms (the most recent elections were in May 2019).

Location:

– parliament is in Strasbourg, in Luxembourg, and in Brussels.

– nationalistic struggles to keep an EU institution local resulted in this.

The MEPs are directly elected by EU citizens, so European Parliamentary elections are, in principle, a way for Europeans to have their voices heard on European issues.

Indeed, European Parliamentary elections are sometimes influenced by pure national concerns with the voters using the elections as a way of expressing disapproval or approval of the ruling national government's performance.

The **Commission** is the politically independent institution that represents and upholds the interests of the EU as a whole. It is the driving force within the EU's institutional system: it proposes legislation, policies and programmes of action and it is responsible for implementing the decisions of Parliament and the Council."

Has three main roles:

– propose legislation to the Council and Parliament.

– to administer and implement EU policies.

– to provide surveillance and enforcement of EU law ('guardian of the Treaties').

– it also represents the EU at some international negotiations.

It is composed of **27 Commissioners**, one from each EU country. Commissioners serve five-year terms; one Commissioner serves as Commission President, while the others hold distinct portfolios (e.g., agriculture, energy, trade). On many issues, the commission handles negotiations with outside countries.

The **Council of the European Union** (also called the Council of Ministers) represents the national governments. The Council enacts legislation, usually based on proposals put forward by the commission, and agreed to (in most cases) by the European Parliament.

Different ministers from each country participate in Council meetings depending on the subject under consideration (e.g., foreign ministers would meet to discuss the Middle East, agriculture ministers to discuss farm subsidies).

Most decisions are subject to a complex **majority voting system**, but some areas – such as foreign and defense policy, taxation, or accepting new members – require unanimity.

Council also decides on:

– 2nd and 3rd pillar issue, i.e. Common Foreign and Security Policies (2nd), police and judicial cooperation in criminal matters (3rd).

• two main decision-making rules:

– on the most important issues, unanimity, e.g. Treaty changes, enlargement, multi-year budget plan, Council decisions are by – on most issues (about 80 per cent of all Council decisions), majority voting.

• qualified majority voting (QMV).

The Presidency of the Council rotates among the member states, changing every six months; the country holding the Presidency helps set agenda priorities and organizes most of the work of the Council.

The **European Council** was established in 1974 and Consists of the leader (prime minister or president) of each EU member plus the President of the European Commission. It was set up to act as a guide and driving force within the European Union. It has certain operational responsibilities with regard to security and foreign policy and economic and monetary union.

The European Council acts as the strategic guide for EU policy. It is composed of the Heads of State or Government of the EU's member states and the President of the European Commission; it meets several times a year in what are often termed «EU summits». The European Council is headed by a President, who organizes the Council's work and facilitates consensus.

Thrashes out compromises on sensitive issues:

• reforms of the major EU policies.

• the EU's multiyear budget plan.

• Treaty changes.

• final terms of enlargements, etc.

The Court of Justice ensures that EU legislation (technically known as «Community law») is interpreted and applied in the same way in each member state. In other words, that it is always identical for all parties and in all circumstances.

The Court has the power to settle legal disputes between member states, EU institutions, businesses and individuals.

Organisation:

- located in Luxembourg.
- one judge from each member.
- appointed by common for six years.
- also eight 'advocates-general' to help judges.
- the Court reaches its decisions by majority voting.
- Court of First Instance set up 1980s to help with ever growing workload.

The current President of the European Council is *Charles Michel*, a former prime minister of Belgium. The president is appointed by the member states for a 2½-year term (renewable once).

The **current President of the European Commission** is *Ursula von der Leyen of Germany*, a former German defense minister.

Every 2½ years (twice per 5-year parliamentary term), Members of the European Parliament (MEPs) elect the President of the European Parliament.

In **July 2019**, Italian MEP *David Sassoli* was elected as president of the parliament; Sassoli is from the center-left Socialists and Democrats parliamentary group.

Roberta Metsola won the election in the first voting round, where she received an absolute majority of 458 votes out of 690 cast in the remote secret vote, among three candidates. President *Metsola* will lead the Parliament in the second half of the current legislative term, until a new Parliament is constituted following the 2024 European Elections.

Slovenia holds the *Presidency of the Council of Ministers* (often termed the EU Presidency) from July to December 2021; France held the presidency from January to July 2022.The presidency is currently (as of July 2022) held by Czech Republic.

The **current High Representative of the Union for Foreign Affairs and Security Policy** is *Josep Borrell* of Spain. The high representative is chosen by agreement among the member states but, like the other members of the European Commission, must be approved by the European Parliament.

References: [1-14]

Theme 5. Geographical and commodity structure of the EU international trade.

The geography of EU countries international trade. The commodity range of external and international trade of EU countries. The analysis dynamic of Ukraine's external trade.

EU-China and U.S.-China Trade in Goods and Services. Retrospective analysis the cooperation of the USA with EU countries. U.S.-EU Trade and Economic Relations.

The **Association Agreement**, including a **Deep and Comprehensive Free Trade Area (DCFTA)** between the EU and Ukraine was negotiated between 2007 and 2011, and signed on 21 March and 27 June 2014.

The **DCFTA** has been provisionally applied since 1 January 2016. The Association Agreement (**AA**) formally entered into force on 1 September 2017 following ratification by all EU Member States.

The **Association Agreement** is the main tool for bringing Ukraine and the EU closer together: it promotes deeper political ties, stronger economic links and the respect for common values.

The EU granted Autonomous Trade Measures (ATMs) for Ukraine, topping up the concessions included in the Association Agreement/DCFTA for several industrial goods and agricultural products from October 2017 for a period of three years.

The **EU is Ukraine's largest trading partner**, accounting for 39.5% of its trade in 2021. Ukraine is the EU's 15th biggest trading partner, accounting for around 1.2% of the EU's total trade. Total trade between the EU and Ukraine reached almost €52.4 billion in 2021, almost doubling since the entry into force of the DCFTA in 2016.

Ukraine's exports to the EU amounted to €24.1 billion in 2021, a considerable increase of more than 47% compared to the previous year. Ukraine's main exports to the EU are iron and steel (20.8% of total exports), ores, stag and ash (12.5%), animal and vegetable fats and oils (8.5%) – notably sunflower seed oil, electrical machinery (7.8%) and cereals (7.3%).

The **EU's exports to Ukraine** amounted to €28.3 billion in 2021. EU exports to Ukraine have increased by 22.4% since 2020. The EU's main exports to Ukraine are machinery (14.8% of all exports), transport equipment and vehicles (10.2%), mineral fuels (9.4%), electrical machinery (9.3%), and pharmaceutical products (5.9%).

Since **2014,** the EU has banned the import of goods originating in Crimea and Sevastopol, as well as investments and a number of directly related services there. Similar restrictive measures were adopted on 23 February 2022 as regards the non government-controlled areas of Donetsk and Luhansk oblasts.

EU trade with China resembles **U.S. trade with China** (with some differences). EU and U.S. merchandise imports from China are at similar levels and have similar composition. The EU exports more merchandise goods to China compared to the United States (and so the EU merchandise trade deficit with China is smaller than the U.S. merchandise trade deficit with China). The EU exports a similar amount of services to China as the United States does, but imports more services from China than the United States does.

China-EU Services Trade The United States and EU export similar amounts of services to China, but the EU imports more (by more than $15 billion in 2018) services from China than the United States does. Both the United States and the EU run trade surpluses in services with China, albeit not large enough to offset their merchandise trade deficits with China.

For decades, the **United States and the EU** (and its predecessor institutions) have maintained diplomatic and economic ties. The 1990 U.S.-EU Transatlantic Declaration set out principles for greater consultation, and established regular summit and ministerial meetings. In 1995, the New Transatlantic Agenda (NTA) and the EU-U.S.

Joint Action Plan provided a framework for promoting stability and democracy together, responding to global challenges, and expanding world trade.

During **U.S.-EU summits**, the U.S. President meets with the President of the European Commission and the President of the European Council. The U.S. Secretary of State's most frequent interlocutor in the EU context is the High Representative for the Union's Foreign Affairs and Security Policy.

Successive U.S. Administrations and many Members of Congress have long viewed the European integration project as a way to foster democratic allies and strong trading partners in Europe. In the immediate aftermath of World War II, the United States supported the European integration project as a way to promote political reconciliation (especially between France and Germany), boost economic recovery, and prevent another catastrophic war on the European continent.

Since 2014, the **United States and the EU** also have imposed sanctions on Russia (including those targeting key sectors of the Russian economy) in response to Russia's annexation of Ukraine's Crimea and its support for separatists in eastern Ukraine.

Historically, **U.S.-EU cooperation** has been a driving force behind efforts to liberalize world trade and ensure the stability of international financial markets.

The Biden Administration views cooperation with European democracies and the EU as key to countering challenges posed by China, Russia, and other authoritarian systems of government. The Biden Administration has coordinated human rights-related sanctions on Russian and Chinese officials and restarted the U.S.-EU dialogue on China begun during the Trump Administration.

At their **June 2021 summit**, the **United States and the EU** committed to work together on four key areas: ending the COVID-19 pandemic; addressing climate change and other environmental challenges; strengthening trade, investment, and technological cooperation; and supporting democracy and global security.

The **United States and the European Union (EU)** have a highly integrated economic relationship. Despite the economic challenges posed by the Coronavirus Disease 2019 (COVID-19) pandemic, the United Kingdom's withdrawal from the EU in 2020, and China's growing role as a trading partner for each. Over the years, the United States and the EU have sought to further liberalize their trade and investment ties, enhance regulatory cooperation, and work together on global issues, including through the World Trade Organization (WTO).

U.S. and EU trade policies are largely aligned on many fronts, but frictions emerge periodically on specific issues. Many observers agreed that bilateral trade relations were especially fraught during the Trump Administration. The Biden Administration has pledged "to repair and revitalize the U.S.-EU partnership." Recent developments include efforts to resolve certain bilateral trade irritants and to address pressing global issues of shared concern, but some trade frictions persist and new ones have emerged.

In October 2021, the United States reached «political agreement» with Austria, France, Italy, and Spain on a transitional approach to these countries' DSTs, while implementing a new global tax framework under the Organisation for Economic Co-operation (OECD)/Group of Twenty (G-20).

In **June 2021**, the partners launched a bilateral **Trade and Technology Council (TTC)** to promote **U.S.-EU prosperity and competitiveness.** At the inaugural TTC ministerial meeting in September 2021, they established 10 working groups (see text box) to further coordination and cooperation, best practices, technical consultations, information exchange, and outreach. The TTC may be a forum for discussing not only bilateral trade issues but also global trade challenges of shared concern, including those posed by China's state-led model and trade practices. The partners also launched a U.S.-EU Technology Competition Policy Dialogue. Other modes of trade engagement, including the Transatlantic Legislators Dialogue (TLD), remain active.

The **United States and the EU** are cooperating on global trade issues in the WTO and other venues (e.g., a trilateral working group with Japan). Among key issues are the challenges posed by nonmarket economies on global overcapacity, subsidies, state-owned enterprises, forced technology transfer, and global supply chains. Other issues include the WTO trade response to COVID-19, with debate ongoing on approaches to IPR obligations and flexibilities in WTO rules to support global production and distribution of vaccines and other COVID-19-related products. Some observers also expect closer U.S.-EU engagement on trade related environmental and worker rights issues.

References: [1-14]

Theme 6. Features of the EU's countries common policy.

The Common Foreign and Security Policy. The Common Security and Defense Policy in the process. The Relationship of the EU to NATO. The Justice and Home Affairs. The Schengen area. The common external trade policy.

The EU has a **Common Foreign and Security Policy (CFSP),** in which member states adopt common policies, undertake joint actions, and pursue coordinated strategies in areas in which they can reach consensus.

CFSP decision making is dominated by the member states and requires unanimous agreement of all national governments. Member states must also ensure that national policies are in line with agreed EU strategies and positions (e.g., imposing sanctions on a country).

However, **CFSP** does not preclude individual member states pursuing their own national foreign policies or conducting their own national diplomacy.

As noted, the treaty established a **High Representative of the Union for Foreign Affairs and Security Policy** to serve essentially as the EU's chief diplomat. The Lisbon Treaty also created an EU diplomatic corps (the European External Action Service) to support the High Representative.

Since 1999, with political impetus initially from the UK and France, the EU has been working to develop a **Common Security and Defense Policy (CSDP),** formerly known as the European Security and Defense Policy (ESDP).

CSDP seeks to improve the EU's ability to respond to security crises and to enhance European military capabilities. The EU has created three defense decision making bodies and has developed a rapid reaction force and multinational "battlegroups." Such EU forces are not a standing "EU army" but rather a catalogue of troops and assets at appropriate readiness levels that may be drawn from existing national forces for EU operations.

CSDP operations focus largely on tasks such as peacekeeping, crisis management, and humanitarian assistance.

Since 2016, EU leaders have announced several new initiatives to bolster EU security and defense cooperation, including a **European Defense Fund (EDF)** to support joint defense research and development activities.

In 2017, the EU launched a new defense pact (known officially as **Permanent Structured Cooperation, or PESCO**) aimed at spending defense funds more efficiently, jointly developing military capabilities, and increasing military interoperability.

EU leaders insist that efforts such as **EDF** and **PESCO** do not represent the first steps toward an EU army and that member states will retain full control over national military assets and over defense procurement and investment decisions.

The United States has supported EU efforts to develop **CSDP**, provided that it remains tied to NATO and does not rival or duplicate NATO structures or resources. Advocates of CSDP argue that more robust EU military capabilities will also benefit NATO given that 21 countries currently belong to both organizations.

Currently, six countries belong to the EU but not to NATO (Austria, Cyprus, Finland, Ireland, Malta, and Sweden); nine other countries belong to NATO but not the EU (Albania, Canada, Iceland, Montenegro, North Macedonia, Norway, Turkey, the United Kingdom, and the United States).

The Biden Administration has sought to encourage EU defense efforts and has joined **a PESCO** project to improve military mobility in Europe. At the same time, the United States continues to stress that such EU initiatives must be linked to and help to bolster NATO.

In a September 2021 statement following a call between President Biden and French President Emmanuel Macron (aimed at easing U.S.-French tensions over a new Australia-UK-U.S. security pact for the Indo-Pacific), the White House asserted that the United States «recognizes the importance of a stronger and more capable European defense, that contributes positively to transatlantic and global security and is complementary to NATO».

The Justice and Home Affairs (JHA) field seeks to foster common internal security measures while protecting the fundamental rights of EU citizens and promoting the free movement of persons within the EU.

JHA encompasses police and judicial cooperation, migration and asylum policies, fighting terrorism and other cross-border crimes, and combating racism and xenophobia. JHA also includes border control policies and rules for the Schengen area of free movement.

For many years, **EU efforts** to harmonize policies in the JHA field were hampered by member states' concerns that such measures could infringe on their legal systems and national sovereignty.

The EU's Lisbon Treaty gave the European Parliament «co-decision» power over the majority of **JHA** policy areas. The Treaty also made most decisions on JHA issues in the Council of Ministers subject to the qualified majority voting system, rather than unanimity, in a bid to speed EU decision making. In practice, member states largely continue to strive for consensus on sensitive JHA policies.

The Schengen area of free movement encompasses **22 EU member states plus 4 non-EU countries.** The four non-EU members of the Schengen area are Iceland, Liechtenstein, Norway, and Switzerland.

Within the Schengen area, internal border controls have been eliminated, and individuals may travel without passport checks among participating countries. In effect, Schengen participants share a common external border where immigration checks for individuals entering or leaving the Schengen area are carried out.

Along with the abolition of internal borders, Schengen participants agreed to strengthen cooperation between their police and judicial authorities in order to safeguard internal security and fight organized crime.

As part of these efforts, they established the **Schengen Information System (SIS)**, a large-scale information database that enables police, border guards, and other law enforcement and judicial authorities to enter and consult alerts on certain categories of persons and objects.

Four EU countries (Bulgaria, Croatia, Cyprus, and Romania) are not yet full Schengen members, but are legally obliged to join once they meet the required security conditions.

Ireland has an opt-out from the Schengen free movement area but takes part in some aspects of the Schengen Agreement related to police and judicial cooperation, including access to the SIS.

The EU has a **common external trade policy**, which means that trade policy is an exclusive competence of the EU and no member state can negotiate its own international trade agreement.

The EU's trade policy is one of its most well-developed and integrated policies. It evolved along with the common market—which provides for the free movement of goods within the EU—to prevent one member state from importing foreign goods at cheaper prices due to lower tariffs and then re-exporting the items to another member with higher tariffs.

References: [1-14]

Theme 7. Social policy of EU countries: collaborative measures of integration and inclusive.

Fostering social cohesion and building inclusive societies for all. Lessons learnt from the 2016 action plan on integration and key facts and figures on integration and inclusion. Key principles and values of the EU action plan on integration and inclusion. Actions in main sectoral areas: Education and training. Sectoral policy of EU countries on Employment and skills. Healthcare services: integration and inclusive measures. Access to adequate and affordable housing is a key determinant of successful integration. Building strong partnerships for a more effective integration process. Increased opportunities for EU funding under the 2021–2027 Multi-annual Financial Framework. Fostering participation and encounters with the host society. Enhance the use of new technologies and digital tools for integration and inclusion. Monitoring progress: towards an evidence-based integration and inclusion policy.

The European way of life is an inclusive one. Integration and inclusion are key for people coming to Europe, for local communities, and for the long-term well-being of our societies and the stability of our economies. If we want to help our societies and economies thrive, we need to support everyone who is part of society, with integration being both a right and a duty for all.

This means empowering those facing disadvantages, while ensuring our communities are united and cohesive. It means giving **equal opportunities to all** to enjoy their rights and participate in community and social life, regardless of the background and in line with the European Pillar of Social Rights. It also means respecting common European values as enshrined in the EU Treaties and in the Charter of Fundamental Rights of the European Union, including democracy, the rule of law, the freedoms of speech and religion, as well as the rights to equality and non-discrimination.

These fundamental values are an essential part of living and participating in European society. They are also the reasoning behind the creation of the 'Promoting our European way of life' portfolio within the Commission – defending the simple but essential premise that everybody matters, that no one should be left behind, and that all should be able to effectively exercise their rights and have access to opportunities and security.

This action plan is part of the comprehensive response to tackling the challenges linked to migration put forward in the New Pact on Migration and Asylum. Successful integration policies are also a cornerstone of a well-functioning asylum and migration management system. They underpin and complement Member States' asylum and migration policies, by ensuring that all individuals who have a right to stay in the EU can fully take part in our societies. They can also support the dialogue with third countries and programmes under the external dimension of the EU's migration and development policies. Migrants are often part of various forms of socialisation in the diaspora communities in the EU Member States.

This action plan builds upon, among other things, the achievements of the **2016** Commission action plan on the integration of third-country nationals. Following its adoption, the Commission put in place more than 50 concrete actions to support Member States and other key stakeholders across a broad spectrum of policy areas: **pre-departure/pre-arrival measures, education, employment and vocational training, access to basic services, active participation and social inclusion.**

The Commission also strengthened its tools for coordination, funding and monitoring. In many Member States, the action plan contributed to the development or review of national integration strategies and provided information on the use of funding for integration. In a number of cases, tailor-made technical support was provided to national authorities in designing and implementing integration policy reforms.

The EU's work on integration and inclusion is underpinned by a shared set of principles and values, which should also guide the work of Member States when they design, implement or review their strategies. This is true across the full range of EU inclusion policies, as set out by the European Pillar of Social Rights.

Inclusion for all Inclusion for all is about ensuring that all policies are accessible to and work for everyone, including migrants and EU citizens with migrant background. This means adapting and transforming mainstream policies to the needs of a diverse society, taking into account the specific challenges and needs of different groups. Actions to help migrants integrate need not, and should not, be at the expense of measures to benefit other vulnerable or disadvantaged groups or minorities.

Targeted support where needed While mainstream social policies should be inclusive for all and mindful of the needs of a diverse society, certain groups and certain areas in host countries will need targeted support to overcome specific challenges. Newly arrived migrants often face a number of challenges when integrating into European societies, depending on how they arrived, their skills level, language knowledge and their background. Within each policy area, policymakers should design targeted and tailored support mechanisms to help newcomers quickly integrate.

Mainstreaming gender and anti-discrimination priorities This action plan will take into account the combination of personal characteristics, such as gender, racial or ethnic origin, religion or belief, sexual orientation and disability that can represent specific challenges for migrants. It will build on and complement the Gender Equality Strategy 2020–2025, the EU anti-racism action plan 2020–2025, the EU Roma Strategic Framework for equality, inclusion and participation, the LGBTIQ Equality Strategy and the forthcoming Strategy on the rights of persons with disabilities.

Support at all stages of the integration process The successful integration of migrants depends both on early action and long-term investment. Providing support to migrants and their receiving communities at the earliest possible moment in the migration process is essential. Integration can start even prior to arrival in the EU. Member States should therefore, where possible, set up and expand pre departure integration measures (e.g. training, orientation courses), and effectively link them with post-arrival measures to facilitate and speed up the integration process, including in the context of resettlement and community sponsorship.

Maximising EU added value through multi-stakeholder partnerships While national governments are primarily responsible for the overall design of integration and social policies such as education, employment, housing and healthcare, the EU plays a key role in supporting them and all other integration actors through funding, developing practical tools, coordinating actions and establishing relevant partnerships.

From early childhood education and care (ECEC) to tertiary and adult education and non formal education, education and training is the foundation for successful participation in society and one of the most powerful tools for building more inclusive societies. The COVID19 pandemic has made the importance of inclusion and equality of opportunities in education even more evident. Inclusion and gender equality is **one of six dimensions of the European Education Area to be achieved by 2025** through the rolling-out of a number of concrete initiatives. Making our education systems more inclusive is also a key objective of the **Digital Education Action Plan**. The European Skills Agenda boosts skills development all across life.

The European Skills Agenda aims to support everyone, including migrants, in developing more and better skills and putting them to use. Furthermore, innovative tools to quickly assess the skills of migrants have recently been developed in several Member States. Skills assessments already conducted in the pre-departure phase, can help migrants to integrate more quickly into the labour market, in particular within resettlement and complementary pathways programmes. Migrant entrepreneurs contribute to economic growth, create jobs and can support the post COVID-19 recovery. However, they face several challenges, such as a lack of networks, difficulties in accessing credit and insufficient knowledge of the regulatory and financial framework. Access to financial information and increased financial literacy can play an important role in overcoming these challenges. The availability of and access to financial services is essential for all migrants to fully participate in a country's economy or build a stable life for themselves and their families, including as regards sending remittances. Digital finance can help in making financial services more accessible.

Access to adequate and affordable housing is a key determinant of successful integration. Housing conditions have a strong impact on employment and education opportunities and on the interactions between migrants and host communities.

Poor housing conditions and segregation can exacerbate divisions, which undermine social cohesion. Increasing housing prices, shortages of affordable and social housing, and discrimination on the housing market make it difficult for migrants to find adequate and long-term housing solutions. While responsibility for housing policies is a national competence, the Commission can play an important role in supporting Member States as well as local and regional authorities to address the challenges and promoting inclusive housing solutions.

Integration is a societal process where the responsibility rests not with one particular group but rather with many: migrants, host communities, public authorities and institutions, social and economic partners, civil society organisations, churches, religious and other philosophical communities and the private sector. Empowering both migrants and host communities to actively engage in the integration process is essential to achieve sustainable and successful integration.

The **Commission** will seek to empower and enable all actors to contribute to this process, by building strong and long-term multi-stakeholder partnerships at various levels of governance. In doing this, the Commission, will build on successful examples of cooperation such as the Partnership on the inclusion of migrants and refugees under the Urban Agenda for the EU, the European Partnership for integration with social and economic partners and a partnership with rural regions under the upcoming long term vision for rural areas. It is also important to ensure that all levels of governance – European, national, macroregional, crossborder, regional and local – are fully involved in designing and implementing integration strategies, so as to maximise the effectiveness of the actions.

For the **2021–2027 Multiannual Financial Framework**, the Commission has proposed to focus the future **Asylum and Migration Fund (AMF**) on supporting tailor-made measures implemented in the early phases of integration and horizontal measures. Meanwhile the labour market integration and social inclusion of migrants could be financed under the European Social Fund Plus (ESF). The European Regional Development Fund (ERDF) supports inclusion through infrastructure, equipment and access to services in education, employment, housing, social, health and child care.

Developing welcoming, diverse and inclusive societies is a process that needs the engagement of both migrants and the receiving society. Including migrants and EU citizens with a migrant background as well as promoting their active participation in consultative and decision making processes can help empower them and ensure that integration and inclusion policies are more effective and reflect real needs.

This is why the **Commission has launched** an Expert Group on the views of migrants composed of migrants and organisations representing their interests, and will consult it in the design and implementation of future EU policies in the field of migration, asylum and integration.

Supporting migrants' participation and interactions with the host society also requires providing **opportunities for the local communities to learn more about people arriving in their communities and their backgrounds**. Community sponsorship schemes not only help Member States increase the number of places for people in need of protection (through resettlement, humanitarian admission and other complementary pathways) but also to successfully integrate them into welcoming host communities, that are aware of and prepared for their arrival**.**

Technological innovation opens up new opportunities to modernise and facilitate access to integration and other services. Digitalisation of governments at all levels can facilitate access to digital public services. However, if not used in an inclusive way and not accessible, digitalisation of services can widen inequalities instead of narrowing them. The COVID-19 crisis has shown the potential of digitalising services such as education, language and integration courses. Many Member States had to adapt their integration services following social distancing measures and transferred integration and language courses online.

The **Commission** has also invested in a number of pilot projects to test new practices, as well as in mapping the integration policies of EU Member States in certain areas such as labour market integration, and the education or integration of refugees. Despite these extensive efforts a number of knowledge gaps remain that prevent effective evidence-based integration policies from being developed. While most Member States regularly monitor integration, they rarely rely on EU agreed indicators and the potential for international comparison is under-used. Moreover, most regions and cities continue to face limitations in the data available. Also there is a need to further compare integration policies across EU Member States in order to facilitate mutual learning and tackle the lack of evidence on the impact of measures.

References: [1-14]

Theme 8. Sectoral EU markets: analysis and common sectoral programs.

The sectoral scope of the common commercial policy. The CCP extended to trade in services and the commercial aspects of intellectual property. The CCP extended to foreign direct investment.

The **EU** should therefore intensify efforts to complete the **single market** in order to further increase trade between EU member states, and remove remaining obstacles to trade. As the section below will detail, this is particularly true in agriculture and services, where significant barriers still remain, and where, arguably, there are even more significant potential gains to be unlocked (for example, services accounts for 70% of the European economy, compared with around 11% for manufacturing in 2004).

The barriers to trade within the EU and in relation to other countries vary between different sectors of the economy, and so the costs and benefits of membership vary accordingly.

1) Manufacturing The Internal Market Programme has made most progress in liberalising trade in goods, so one would expect to see the greatest benefits in the manufacturing sector. However, progress in creating a real single market varies across manufacturing sectors and the price convergence data discussed above hides disparities across industries. Prices have converged most where the Single Market has most successfully facilitated intra-EU trade, e.g. in clothing, footwear and alcohol.

2) Agriculture Although barriers to trade between Member States have been removed, agriculture is probably the most protected sector in the European Union in terms of external barriers, through the Common Agricultural Policy (CAP). The costs of protectionism in this sector are possibly the most damaging to economic welfare and provide a good illustration of why the UK should remain a force for more outward-looking reforms in the EU.

Whilst the internal market did much to liberalise trade in goods between the EU member states, much less liberalisation has taken place with respect to the services sector, even though, according to a report by Copenhagen Economics commissioned by DG Internal Market, the EU service sector accounts for almost 70% of EU GNP and employment. The potential contribution of trade in this sector to overall economic prosperity is therefore restrained by the existence of many barriers, defined by Copenhagen Economics as both «rent creating» (intended to protect incumbent providers, reducing competition and allowing prices to be inflated over costs) and «cost creating» (bureaucracy associated with the various barriers).

We estimate that, on average, the directive will reduce current barriers to service provision by more than 50 percent, with the largest impact for regulated professions (e.g. accountancy) and smallest for business and IT related services. The directive will spur many different types of welfare gain: prices of services are expected to drop, as stronger competition will work to reduce artificially high prices, leading to a more efficient allocation of resources economy-wide. Higher productivity and employment (of 0.3 percent, roughly 600,000 new jobs) will result in an additional 0.6 percent of EU output (or 37 billion Euros equivalent) on conservative estimates. However, and as the authors of the report note, regulatory reforms such as the services directive which aim to create a legal level playing field cannot remove all types of barrier, for example, language barriers and cultural barriers (e.g. local business practices) that will only affect foreign firms setting up in the new environment.

While the post-Lisbon definition of trade in services and commercial aspects of intellectual property is relatively straightforward, attempts to circumscribe the scope of the concept of foreign direct investment (FDI) in the CCP context has given rise to a greater variety of opinions.

When FDI takes the form of shareholding, this presupposes for the Commission «that the shares enable the shareholder to participate effectively in the management of that company or in its control».

The Commission agrees with most legal analysts that this contrasts with portfolio investments of a short-term and sometimes speculative nature, where there is no intention to influence the management or control of the undertaking.

Since portfolio investments do not come under the EU's exclusive CCP competence, legal experts like Marc Bungenberg have drawn the conclusion that the EU would be able to conclude pure EU investment agreements based on the CCP's explicit exclusive competence only «if these agreements solely cover pre- and post-establishment regulation but have no provisions on protection, dispute resolution and expropriation with regard to portfolio investments».

However, most bilateral investment treaties (BITs) cover both FDI and portfolio investments.

Bungenberg therefore fears that the new CCP competence might not meet the demands of EU investors and negotiating partners for the conclusion of comprehensive BITs. Other scholars have thus suggested that full EU BITs be based on a combination of explicit and implicit EU treaty-making powers. In this construction, the EU's implicit treaty-making competence over portfolio investment flows from the existing TFEU provisions that, as a general principle, prohibit restrictions on the free movement of capital and payments between Member States and third countries.

The European Commission's own approach is similar. Calling for a comprehensive EU international investment policy, the Commission points out that the Treaty's prohibition on capital and payment restrictions covers both direct and portfolio investments.

References: [1-14]

Theme 9. Analysis the impact of EU enlargement on the well-being of Europeans.

The research of EU economic policy concerning member states and EU outside countries. The access EU enlargement and its consequences for EU member states. The analysis of crises and conflict interests in the process of EU functioning.

The countries of the **European Union** coordinate their national economic policies so that they can act together when faced with certain challenges, such as financial and economic crises.

This coordination has prompted **19 European Union** countries to adopt the euro as their single official currency.

The union is called the **Eurozone**, for which the **European Central Bank** is responsible for its monetary policy.

In general, the EU's economic policy towards its member states and towards third countries can be divided into seven areas: trade policy, financial and economic policy, agricultural policy, environmental policy, employment policy, security policy, foreign policy.

Financial and economic policy, the main purpose of which is to create a stable and prosperous euro area. A significant advantage of the common currency is the increase in the competitiveness of companies and the dynamic growth of economic stability. In turn, the European Central Bank regulates interest rates and controls inflation and exchange rates.

The **European Union** provides various subsidies to member states aimed at improving local living standards, developing projects and more.

To prevent the spread and development of economic problems and their impact on other EU members, EU governments have agreed on a wide range of rules to ensure the quality and appropriateness of their economic policies – the Stability and Growth Pact.

The European Union lays down rules to promote economic stability by preventing the development of risky macroeconomic imbalances.

This procedure ensures that governments address national economic issues that may pose a threat to other EU economies.

Another feature of the **European Union's economic policy** is that Member States with excessive budget deficits in excess of 3% of GDP, or those unable to reduce their excessive debt (over 60% of GDP) quickly enough, adhere to a set of rules – Excessive deficit procedure.

Trade policy. As the European Union is a customs union, there are no customs duties between EU member states. For other non-EU partner countries, this means that all EU member states apply a common customs tariff to goods imported from outside the EU, and goods that have been legally imported into the EU can be distributed among countries – members of the community without any other customs controls.

The European Union remains one of the world's largest exporters of industrial goods and services, and is the broadest export market for more than 80 countries.

The EU's largest trade partners are the United States, China, Switzerland, Turkey, Japan, Norway, South Korea, India, and Canada.

Agrarian policy, the main goal of which is rural development, as well as ensuring agricultural production in all parts of Europe. The European Union controls the quality of food, labeling, packaging and ensuring that products produced in the Member States are safe, clean, of good quality and environmentally safe. Effective regulation in this area limits surplus production, but at the same time provides the ability to increase production if necessary.

Environmental policy. The EU's environmental requirements are among the strictest in the world. The European Union is serious about protecting the environment, endangered plant and animal species, and the efficient use of natural resources.

Another goal of environmental policy is to promote innovative inventions in order to preserve the environment, as well as to encourage all companies to respect the environment in their activities.

Ecologically clean products, energy saving are actively supported and the share of processing of various types of products increases. Along with this, investments in the construction and maintenance of renewable energy sources are encouraged.

Employment policy plays an important role in the strategy of the European Union. Unemployment has risen in Europe as a result of the rapid development of world trade and the economic downturn.

The European Union is doing its utmost to resolve the global economic crisis and to protect each member state from financial difficulties, and in particular to provide jobs and help the unemployed find work.

The EU's support measures help prevent poverty and social exclusion. Therefore, most of the investment is in education and research. During the recession, the EU subsidizes public construction projects that employ large numbers of people.

According to the level of GDP per capita (calculated per capita), four groups of EU countries can be distinguished:

- 10 relatively well-off countries in Western and Northern Europe (including Ireland) with a GDP per capita of more than 110% of the EU average;
- Italy and Germany, where per capita GDP is above the European average, there are highly developed regions and «Problem» areas (respectively in the south and east);
- 7 small and medium-sized Mediterranean countries (including Spain and Slovenia), whose GDP per capita is below the European average, but the gap does not exceed 30%;
- 9 Eastern European countries, where GDP per capita in recent years has ranged from 30 to 70% of the EU average.

The EU is unable to close the gap between the countries of Southern and Eastern Europe on this indicator in the next 15 years, but the economic dynamics in them shows a clear trend of smoothing disparities at the national level.

According to Eurostat, the **richest regions** of the Union are Inner London (539% of the average GDP per capita in the EU), the Grand Duchy of Luxembourg (266%), Brussels (207%), Groningen (198%) and Prague (173%).

Of the 40 regions with per capita GDP of **more than 125%** of the EU average, ten are in Germany, five in the Netherlands, four each in Austria and the United Kingdom, three each in Spain and Italy, two in Belgium and Finland, and one each in the Czech Republic, Denmark, Ireland, France, Slovakia, Sweden and Luxembourg.

The **poorest regions** (28–29% of the EU average) are still in Bulgaria and Romania. Among the 64 regions with a GDP per capita of 75% of the EU average, the vast majority are in the new Union, although there are four Italian and Portuguese regions, three Greek and French (overseas territories), two British and one Spanish.

The process of unprecedented EU enlargement in **2004** and the following years played not the least role in the European Union entering the crisis phase. Despite the long period of institutional preparation for accession to the EU, in general, the newly admitted members were significantly behind the vast majority of EU-15 countries (except Greece and Portugal).

The EU is making every effort to eliminate this differentiation through financial assistance to the regions, improved infrastructure, subsidies to the rural population and more. It is expected that the implementation of Structural Funds programs will have the following consequences: increase in GDP and growth of capital concentration, creation of more than 700 thousand new jobs, growth of industrial production in absolute terms.

The European Union has faced problems, which in turn exacerbates the uneven economic development of the EU. First of all it is:

– crisis with migrants;
– political instability in some EU countries;
– problems with some parts of the EU that require independence (Scotland, Northern Ireland, Catalonia and others);
– the situation in Ukraine to some extent destabilizes the situation in the EU;
– problems with terrorism in the EU;
– Britain's exit from the EU and others.

The debt crisis in Greece and some other eurozone countries is an extremely important dimension of the crisis. After all, over the last eight years, the debt problems of individual eurozone countries have become truly global and have created a pan-European debt problem that raises concerns about the viability of the eurozone itself.

The average level of total government debt in the euro area during this period grew rapidly from 78.4% of GDP in 2008 to almost 92% in 2014. And even after some reduction, as of 2017, its level, according to the IMF, was still 86.6%.

The EU migration crisis has called into question the possibility of maintaining unity among member states and reaching a compromise between them on this painful issue.

After all, a significant increase in the number of migrants creates significant additional risks to the security of these countries, imposes a significant financial burden on their budgets (as well as the budgets of taxpayers in the EU) – and this can not but result in growing anti-European sentiment.

EU policy in the context of the annexation of Crimea and the conflict in Donbas (2014–2015) shows the unwillingness of the European community to act as a center of influence. At least all EU decisions to deter Russian aggression and impose economic sanctions have either been initiated by the United States or agreed upon at the G7 level.

With the intensification of Russia's policy in the post-Soviet space, the main vector of the EU's international political position is shifted towards strengthening cooperation with the United States within the renewed "Transatlantic Agenda" and strengthening NATO security guarantees.

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Theme 10. Analysis of the BREXIT and its challenges to the EU functioning.

Brexit essence. The reasons of Brexit. The exit of United Kingdom from EU: risks and chain reaction of member states on disintegration processes. How BREXIT affected the EU. The EU 27 development under modern challenges.

A referendum was held in the United Kingdom on **23 June 2016** on whether it should remain in the EU.

The overall results of the referendum were in favor of the United Kingdom leaving the EU, but according to the results of the territorial division vote, a majority of Northern Ireland and Scotland residents want to stay in the EU.

An analysis of the results of the referendum in 2016 by age group shows the following: 73% and 62% of young people (18–24 years; 25–34 years, respectively) expressed a desire to stay in the EU, and most citizens over 45 are set to full and final withdrawal of the United Kingdom from the European Union (45–54 years – 56%; 55–64 years – 57%; +65–60%), seeing the withdrawal of Great Britain from the EU positive aspects of development for their country.

Economic reasons are simple. Opponents of the EU stress that the union is not a functional economic entity. Europe as a whole is stagnant. The European Union has failed to address the major economic problems that have posed a significant threat to member states since the onset of the global financial crisis in 2008–2009, for example, the unemployment rate in southern Europe reached 20%.

However, its average across the European Union is much lower. Highly developed and leading countries, such as the United Kingdom, do not benefit from supporting economically weaker countries through their own funds and membership fees.

The United Kingdom is an open economy with a comparative advantage in services, which is heavily dependent on trade with the EU. Services account for 40% of UK exports to the EU with financial services and other business services, including management advice and legal services.

Brexit, in turn, will reduce and weaken economic integration between the United Kingdom and its main trading partner, Germany, but will open up new opportunities for cooperation with China and the United States.

In 2016, the growth of the **United Kingdom's GDP** was 1.9% (compared to 2015 – 2.3%), thus securing for the seventh consecutive year of growth after the 2009 recession. The UK's economy is expected to grow the fastest among the world's seven leading industrial economies. But due to the referendum in 2016 and a number of economic and political reasons, in 2017 the rate of economic growth, including GDP growth, in the UK became the slowest among the G7 countries (1.8%).

The inflation rate in 2016 and 2017 was 1.74% and 3.58%, respectively. This resonance is characterized by rising consumer prices coupled with a sharp fall in the national currency - the pound sterling. There have been significant changes in prices between different groups of goods and services.

Total public debt in 2016 amounted to 86.4% of the country's gross domestic product, which is 26.4% higher than the target of 60% specified in the Protocol on the excessive deficit procedure.

For the first time, total public debt exceeded 60% of the Maastricht benchmark in March 2010 and amounted to 69.6% of GDP. There were no positive changes in 2017, the UK's public debt rose to 86.5% of GDP.

The next group of reasons for Brexit are political. The UK government has suffered heavy losses. Voters who voted to «leave the EU» rejected the interests of both the Conservative and Labor parties, as both sides approved the decision to «remain in the EU». It is worth noting that this was a tripartite struggle, as two parties wanted Britain to remain in the EU, and a third faction, formed by opponents of both parties, opposed it.

Obviously, Brexit was the reason for the vote against the British elite. Most voters were inclined to believe that politicians, businessmen, influential government officials and others had lost their «exclusive» right to control the system. The main claim to the elite was their contempt for British values – nationalism and state interests.

The last group of factors that influenced the emergence of Brexit – nationalism and sovereignty. Nationalist sentiment is growing around the world. Distrust of multinational financial, economic, trade, military and defense organizations – the EU, IMF, NATO and others – is growing. In the context of EU policy, there are two camps – supporters and opponents. From the point of view of EU supporters, organizations of this type are valuable, their policies can be coordinated or some changes made, but do not refuse to participate in them.

However, another camp – opponents of the EU – believe that the above institutions do not serve the purpose set at the beginning of their establishment. They are convinced that EU policy exercises too influential control over areas beyond its control, i.e. issues that should be dealt with by the state itself.

British think tanks and experts give completely different forecasts, but most of them are about three possible scenarios:

1st – a rapid transition to economic growth in the UK. This scenario is possible only if the government solves a number of issues very quickly, thus preventing panic in the financial market, capital market and others. It is highly desirable for British business to maintain its participation in the EU's single market.

2nd – a difficult transition period approximately until the end of 2020. It is possible that the government will not be able to adhere to the most optimistic scenario. In this case, the country will enter a difficult transit period of economic instability and longer negotiation of new trade relations with the EU.

3rd – a protracted economic crisis until 2030, provided that negotiations on leaving the EU and the terms of trade relations with the European community will be significantly delayed.

Uncertainty will also affect the UK energy market, in particular the rules governing the EU's Single Energy Market, on which Britain is becoming increasingly dependent. The decline is also expected in the automotive industry – the decline in car sales will last for more than one year. On the other hand, Brexit may create additional trade barriers for the import of cars in the domestic market, which will be to the advantage of British manufacturers.

Brexit – or the UK's withdrawal from the EU – stems from a June 2016 public referendum in the UK on whether the country should remain a member of the EU. UK voters favored leaving the EU by 52% to 48%.

Several factors heavily influenced this outcome, including economic dissatisfaction, fears about globalization and immigration, and anti-elite and antiestablishment sentiments.

In October 2019, the UK and EU agreed that post-Brexit, in order to ensure an open border on the island of Ireland and preserve the peace process, Northern Ireland would effectively remain in the EU's single market and customs union.

This arrangement would eliminate the need for regulatory and customs checks on trade in goods on the Northern Ireland land border, but it also essentially created a customs border in the Irish Sea between Northern Ireland and the rest of the UK (i.e., Great Britain) to safeguard the rules of the EU single market.

Since the post-Brexit arrangements for Northern Ireland took effect in January 2021, however, implementation difficulties have disrupted some trade between Northern Ireland and Great Britain, heightened political and societal divisions within Northern Ireland, and significantly strained UK-EU relations.

The EU rejects calls by the UK government and some in Northern Ireland to renegotiate the post-Brexit rules for the region, but the EU is engaged in talks with the UK to overcome the operational challenges and ease tensions in Northern Ireland.

Despite Brexit, EU leaders assert that «the Union of 27 countries will continue». However, the UK was the bloc's second-largest economy and, along with Germany and France, was regarded as one of the EU's «big three».

Some in the EU continue to express concerns that the UK could become an economic competitor, especially if the UK were to diverge significantly from EU environmental, labor, or state aid standards in ways that could give UK businesses a trade advantage. Other experts argue that Brexit could reduce the EU's influence on the world stage, given that the EU now finds itself without the UK's diplomatic, military, and economic clout.

At the same time, some contend that Brexit ultimately could lead to a more like-minded EU, able to pursue deeper integration without UK opposition.

Some experts argue that «more EU» and further integration is necessary to better address the range of political and economic issues confronting the bloc.

Others are skeptical that national governments will be inclined to cede more authority to a Brussels bureaucracy viewed as opaque and out of touch with the problems of average Europeans.

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Theme 11. Ukraine in processes of European economic integration.

The regional agreements of Ukraine's FTZ: opportunities and risks. The evolutional approaches on Association Agreement of Ukraine with EU countries. The trade policy of Ukraine in the context of European integration. Visa regime liberalization between Ukraine and EU countries.

During **1992–2019**, Ukraine concluded **16 free trade agreements with 45 countries**. Thus, Ukraine's regional trade policy has long been characterized by a low level of diversification.

The main free trade agreements were the Multilateral CIS Agreement and the bilateral free trade agreements between Ukraine Azerbaijan, Uzbekistan, Tajikistan and Turkmenistan. After Ukraine gained independence, our country's foreign trade policy began to diversify.

The negotiation process with Canada ended with the signing of the **Canadian-Ukrainian Free Trade Agreement**, which entered into force on August 1, 2017.

The main goal was to create new trade and commercial opportunities for Canadian and Ukrainian companies by improving market access, including tariff abolition.

Following the entry into force of the Agreement, the Government of Canada immediately abolished customs duties on 26.5% of its tariff lines, leaving 98.1% of Canada's tariff lines duty-free for imports from Ukraine.

Bilateral trade between Ukraine and Canada increased before the onset of the global economic crisis of 2008–2009, then partially resumed in 2010–2013 and declined again in 2014–2015 due to the economic crisis in Ukraine and the military conflict in Donbas. Bilateral trade began to grow in 2017–2018 due to the economic recovery of Ukraine, as well as the implementation of the Free Trade Agreement between our country and Canada.

It should be noted that Ukraine is a key international partner for Canada and a potential market for Canadian investment in the heart of Europe. In our opinion, increasing prosperity as a result of attracting Canadian investment to Ukraine will create the preconditions for increasing investment in the Ukrainian business environment in Canada, thus creating new jobs and prosperity for the Canadian economy.

That is why the **Ukrainian-Canadian** Congress fully supports the expansion of trade and investment activities between Canada and Ukraine in all sectors of the economy.

After 7 rounds of negotiations, which ended in March 2018, the Agreement on the Free Trade Area of Ukraine with Israel was signed **on January 21, 2019**, which entered into force **on January 1, 2021**. The agreement will strengthen economic ties between the two countries, as it will eliminate most import duties for them.

Thus, according to the FTA signed between Ukraine and Israel, the Israeli government must abolish import duties on 80% of Ukrainian industrial goods and more than 9% on agricultural products.

Ukraine mainly exports agricultural products to Israel (cereals, seeds, oilseeds and plants such as rapeseed and sunflower), while it imports chemicals, mineral fuels, oils and petroleum products, nuclear reactors and boilers, machinery, fruits and nuts.

Now Ukraine will be able to export its wheat and wheat products without paying import duties.

In turn, Ukraine must reduce import duties for 70% of Israeli industrial products and more than 6% for agricultural products.

In addition, the FTA aims to create conditions conducive to increased Israeli investment in IT, agriculture, industry and other economically important industries. In the future, cooperation between Ukraine and Israel in the field of aviation, transport engineering and automotive industry is planned.

The main advantages of signing regional trade agreements for Ukraine are the following: creation of Ukrainian brands that will be easily recognizable around the world; expanding the range of goods and services in the domestic market of Ukraine; increasing demand for domestic products, including in third country markets, due to the introduction of European standards; improving the structure of domestic exports towards reducing the raw material component and increasing the share of high-tech goods with a high share of value added produced in Ukraine.

Despite the fact that the EU countries, Canada and Israel open access to Ukrainian markets for their goods, the domestic market cannot be fully open, as Ukrainian producers are not ready for serious external competition.

Ukrainian exports are a commodity. Agricultural orientation (24% of exports from sales are agricultural raw materials) does not allow to produce enough value added and makes producers dependent on climatic conditions that are changing around the world.

The territory of Ukraine is no exception. An alternative source of added value for Ukraine could be the manufacture of equipment for the gas industry or the production of cars or just car parts, as well as ready-made food. At present, only 6% of exports of agricultural products are finished products.

Another problem that does not allow to use all the opportunities of the FTA is the unresolved war in eastern Ukraine. The protracted trade war with Russia, which is manifested in the illegal ban on the transit of goods of Ukrainian origin to third countries, the embargo on Ukrainian food supplies to Russia, led to a sharp decline in exports of Ukrainian goods to the CIS (Central Asia and the Caucasus) , to Asian countries.

The largest free trade area **(FTA)** was concluded with the European Union. Thus, on March 21, 2014, the political part of the association between Ukraine and the EU countries was signed with the aim of further accession of our country to the EU. The Association Agreement between Ukraine and the EU was fully signed on June 27, 2014. On September 16, 2014, the Association Agreement was ratified simultaneously by the Verkhovna Rada and the European Parliament.

The number of Ukrainian companies exporting goods to EU member states is constantly growing: from 10,002 companies in 2014 up to 14,545 companies in 2019. Since the application of the DCFTA, the customs authorities have issued 322 thousand EUR.1 certificates.

In 2019, more than 107,000 EUR.1 certificates were issued, which provide tariff preferences to exporters and importers. The number of European-oriented exporters who have been granted the status of authorized exporter and can export to the EU without a EUR.1 certificate is increasing.

Today there are already 250 such enterprises. In 2019, Ukrainian exporters used the opportunities of 32 of the 40 tariff quotas (11 of which were used in full and 2 were used by more than 95%). 11 tariff quotas for corn, wheat, barley, honey, sugar, grape and apple juices, processed tomatoes, processed starch, butter, poultry and starch have been fully used.

Ukraine has established duty-free tariff quotas for 3 types of goods (pork; poultry and sugar) and provided additional volumes for 2 of them.

Another advantage for Ukraine after the signing of the Association Agreement is equal conditions of competition and increasing exports to the EU. After the opening of the free trade zone, trade between Ukraine and the EU is constantly growing.

According to the results of January-October 2019, the volume of foreign trade in goods between Ukraine and the EU compared to the same period in 2018 increased by 7.1%, exports increased by 6.1% and imports by 7.9%.

Lower prices and a higher standard of living in Ukraine will make it possible to reduce tariff rates on imports from the EU. This will lead to increased imports from the EU, which will provide more choice for consumers and lower prices.

Manufacturers in Ukraine will have access to a wide range of cheaper industrial goods, components and equipment. In addition, better health and safety standards will also benefit Ukrainian consumers, as they will be guaranteed the quality of the goods sold, as well as greater safety for all.

Ukraine and the European Union have been working together to liberalize the movement of people for a long time. Thus, in 2005 the Ukraine-European Union Action Plan was signed between Ukraine and the European Community, approved by the Cabinet of Ministers of Ukraine on February 12, 2005. On July 26, 2005, the President of Ukraine unilaterally introduced a visa-free regime for citizens. EU Member States.

According to the **Eastern Partnership Visa Liberalization Index**, developed by experts from the Stefan Batory Foundation in collaboration with the Visa Waiver Europe, Ukraine has had a fairly high **rate of compliance with EU criteria.**

The level of compliance of the Ukrainian documentation system with European standards in the Index was 6.5 points out of 10, reform of the migration control system – 7.3, progress in public security and order – 7.3, and the reform of external relations and human rights – 7 points.

Among the Eastern Partnership countries, the most significant progress was observed only in **Moldova**, which later received a visa-free regime on **April 28, 2014**. In countries such as Azerbaijan and Belarus, work in this direction is just beginning.

After Ukraine passed all the necessary laws, the EU Commission on May 24, 2014 recommended to move to the second – implementation phase. On October 2, 2014, the EU Mission noted that Ukraine is taking effective steps to establish the necessary legal, political and institutional framework for the implementation of the SEAP.

Thus, as of the beginning of 2015, the Government of Ukraine managed to start issuing biometric passports, as well as equip 39 checkpoints with access to the Interpol system. In addition, anti-corruption reforms have been carried out in Ukraine, namely the establishment of special independent bodies to prevent corruption and investigate corruption crimes: The National Agency for the Prevention of Corruption, the National Anti-Corruption Bureau, and the Special Anti-Corruption Prosecutor's Office launched an electronic declaration of assets of civil servants.

Despite the controversy over the introduction of a visa-free regime for Ukraine, on June **11, 2017**, the relevant decision came into force, i.e. Ukraine became the second country in the six Eastern Partnership countries after Moldova to receive a visa-free regime.

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