IDENTIFICATION OF THE IMPORTANCE OF UKRAINE IN INTERNATIONAL
GLOBALIZATION AND INTEGRATION PROCESSES

The purpose of the article is to define the essence of globalization and international economic integration, to identify their influence on the development of national economies and markets, identify Ukraine’s place in international globalization and integration processes.

In this scientific research general scientific and special research methods are used, in particular, the method of theoretical generalization to clarify certain concepts such as ‘globalization’; the method of statistical analysis to assess the dynamics of the global index of globalization and the dynamics of globalization indexes of the leading countries of the world according to KOF; the method of comparative analysis for carrying out a rating assessment of the scale of Ukraine’s integration into the world in terms of the economic, social and political components of globalization.

Researches of the survey showed existing approaches to the interpretation of the categories ‘globalization’. It is underlined the ambiguous attitude to globalization in the scientific sphere. The rating of Ukraine according to the index of globalization of KOF, and the dynamics of the index change in 2012-2020 years are presented. Positive aspects and threats caused by the entry of Ukraine into the global space are considered.

In order to increase the rating's assessment of the scale of Ukraine’s integration into the world, it is necessary to increase the volume of international trade, to raise the level of international business activity, trade flows, flows of international investments, etc., to intensify the level of cultural integration, the level of international tourism, cross-border money transfers, information flows, etc., to ensure membership in leading international organizations, participation in international missions, processes for the ratification of international multilateral treaties, etc.

Keywords: globalization, international economic integration, globalization index, international integration processes.

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ИДЕНТИФІКАЦІЯ ВАЖЛИВОСТІ УКРАЇНИ В ПРОЦЕСАХ МІЖНАРОДНОЇ
ГЛОБАЛІЗАЦІЇ ТА ІНТЕГРАЦІЇ

Метою статті є визначення сутності глобалізації та міжнародної економічної інтеграції, виявлення їх впливу на розвиток національних економік і ринків, визначення місця України в міжнародних глобалізаційних та інтеграційних процесах.

У науковому дослідженні використовуються загальнонаукові та спеціальні методи дослідження, зокрема: метод теоретичного узагальнення для уточнення поняття ‘глобалізація’; метод статистичного аналізу для оцінки динаміки глобального індексу глобалізації та динаміки індексів глобалізації провідних країн світу за індексом KOF; метод порівняльного аналізу для проведення рейтингової оцінки масштабів інтеграції України у світовій просторі з точки зору економічної, соціальної та політичної складових глобалізації.

Ідентифіковано існуючі підходи до тлумачення категорії ‘глобалізація’. Підкреслено неоднозначне ставлення до глобалізації в науковій сфері. Представлена рейтинг України за індексом глобалізації KOF та динаміку зміни індексу в 2012-2020 роках. Розглянуто позитивні аспекти та загрози, спричинені вклюванням України у світовий простір. З метою підвищення рейтингових оцінок масштабів інтеграції України у світовій просторі доцільно збільшити обсяги міжнародної торгівлі, підвищити рівень міжнародної діяльності, розв’язати питання збільшення обсягів міжнародних інвестицій, активізувати рівень культурної інтеграції, підтримати міжнародний туризм, здійснити міжнародні грошові перекази, інформаційні потоки, а також забезпечити членство України в провідних міжнародних організаціях, залучити Україну до участь в міжнародних місцях, процесах ратифікації міжнародних багатосторонніх договорів тощо.

Ключові слова: глобалізація, міжнародна економічна інтеграція, індекс глобалізації KOF, міжнародні інтеграційні процеси.

**Formulation of the problem**

The development of international economic cooperation has taken place over the centuries. However, the latest wave of globalization is defined as the cross-border movement of goods, services, financial and labor resources. It began after the end of the Cold War in the early 1990s spreading to more and more countries and establishing qualitatively new economic ties. The transformation of the world into a single zone, where the factors of production move freely, requires the subjects of this system to properly understand the essence of the process of
globalization and its basic characteristics, which allow the optimal formation of priorities for economic development.

**Analysis of recent research and publications**


**Highlighting previously unsolved parts of the general problem to which the article is devoted**

Despite the significant amount of research on globalization, identifying its benefits and negative impacts, further research is needed to identify Ukraine’s importance in international globalization and integration, as well as opportunities to increase ratings of Ukraine’s integration into the world economic space.

**The task of the study** is to determine the essence of globalization and international integration as well as to identify the importance of Ukraine in international globalization and integration processes.

**Presenting main material**

The basic view which reflects the position of the world economy in the last decade of the XX century and in the first decade of the XXI century was the notion of globalization of the world economy. The processes of global development, where the structures of national production and finance become interdependent, are accelerated as a result of an increase in the number of concluded and implemented external operations. Globalization, covering all regions and sectors of the world economy, fundamentally changes the relation between external and internal factors of development of national economies in favor of the first one. No national economy, regardless of the size of the countries and the level of development, can no longer be self-sufficient, based on existing factors of production, technologies and capital requirements. There is no state to be able rationally formulate and implement an economic development strategy, do not taking into account the priorities and norms of behavior of the main participants in world economic activity. Therefore, the term globalization in modern economic literature is one of the most commonly used category. It is used to identify the laws of world economic development. The term globalization comes from the French “global” meaning planetary, comprehensive, and implies an all-encompassing process of transforming the world community into an open, holistic system of information, technological, financial, economic, social and political, social and cultural interconnections and interdependencies [0].

A globalization specialist, Friedman, in his work notes that globalization is the integration of markets, states, and technologies that allows individuals, corporations, and states to reach any point of the world faster, deeper, and cheaper than before. Globalization has its own set of economic rules based on the opening, deregulation and privatization of national economies in order to strengthen its competitiveness and increase the attractiveness of foreign capital [0].

According to the Professor of sociology at University of California Castells et al., who is a specialist in the information society, globalization underlines a constant process of development of the capitalist mode of production which, by breaking the boundaries of time and space, at the end of the twentieth century transforms the world of economy into a global one with a new infrastructure created by information and communication technologies. An important aspect here is the construction of effective managing models in global value chains through which the process of transforming economic systems takes place [0].

Janssens et al. consider the key challenges arising from globalization from a psychological point of view [0]. The authors considering an understanding of globalization in terms of culture and subjective issues, identified three research areas which can contributed by scientists to further understanding of globalization processes. The are the following effects of global contact on cognition and behavior, hybridization and human agency, and new forms of cooperation.

The issues of globalization are considered mainly from the point of view of the integrated approach. Thus, in a scientific paper by Guttal it is pointed out that in the modern conditions the world community is moving to a new era of globalization of development. However, the world experience of the second half shows that no specific conditions, peculiarities of national development, crisis states, and internal transformations can neither cancel nor postpone to some extent the objective laws of globalization of development [0].

Nikhilesh and Deniz underline that integration processes in the world economy have reached such a level and the tightness of the link between national economies, where it is spoken about a global economy as a priority phenomenon, which has its own laws, trends, mechanisms of functioning, and development [0]. At the same time, researchers on globalization point out not only the positive but also the negative aspects of the processes of globalization [0].
The latter is often accompanied by resistance from national economies due to the uneven benefits that are obtained in most cases in favor of more economically developed countries [0]. Fernández (2017) points out the contradictory dialectic nature of the manifestations of globalization, in particular, convergence, cooperation in the conditions of globalization, which is the growing internationalization of the world economy, openness of national economies, deepening of the international division and cooperation of labor, on the one hand, and on the other hand, in the pursuit of economic independence, the strengthening of national economies [0]. In turn, Weiss and Thurbon consider the weakening of the national potential (for example, the USA) through the internationalization of intellectual property rights as a result of globalization processes [0].

Burlacu et al. underlines the contemporary views of researchers who warn humanity that globalization is increasingly blurring national borders and makes it structurally impossible for individual nations to support independent or even autonomous economies, forms government and social structures [0].

According to the famous Ukrainian researcher in the sphere of globalization, geopolitics and geo-economics Bilorus, the current post-industrial stage of globalization and global integration of the social and economic development of the world stressed by a number of new laws that become the object of law that are valid. In particular, the beginning of the XXI century was characterized by a significant increase in the impact of global factors of development, the growth of the influence power aspects of globalization, the deepening of contradictions and conflicts of interest [0].

Taking this into account Bilorus proposes to consider globalization from two points of view:
- as a natural objective phenomenon,
- as a forceful violent process carried out in the interests of ‘globalizers’.

In his scientific investigations the author uses the concept of ‘the law of globalization’ as one of the main economic laws of world development which states that countries that have not provided their own technological breakthroughs of a global nature based on global orders and global demand will lose their own global competitiveness and independence, and will not be equal participants in the world market.

Bilorus emphasizes the need to find a place in Ukraine in the global world economic space, offering a system of principles of a national idea, a concept and a system of national interests, based on the principles of state justice and the welfare of society.

Summarizing stated above, the advantages of globalization can be attributed to the following points:
- the deepening of specialization and the international division of labor,
- economies of scale,
- international trade on a mutually beneficial basis,
- increased competition,
- growth of labor productivity as a result of rationalization of production at the global level, the spread of advanced technologies,
- the possibility of mobilizing significant amounts of financial resources,
- accessibility of innovative means of business and business simplification, and acceleration of information flow.

The negative aspects of globalization include:
- ambiguous effects on the country’s economic sovereignty,
- the rapid spread of economic failures and financial crises from some regions of the world to others,
- unemployment, increase of illegal migration, etc.

The concept of globalization is closely connected with other economic categories especially the concept of international economic integration. In reference books, international economic integration is often defined as a qualitatively new stage of development and a form of manifestation of the internationalization of economic life, which involves convergence and mutual adaptation, interweaving of all structures of national economies, leveling the differences between economic actors-representatives of different states. At the same time, most scientific papers, we find that the distinctive feature of international economic integration is the absence of any form of discrimination of foreign partners in each of the national economies [0]. Simultaneously, the orderliness or contractual basis of integration processes are opposed to a certain spontaneity of globalization processes.

Despite some contradictions in the interpretation of the essence of the categories of globalization and international economic integration can be stated that they are different but still closely related to each other aspects of a single process which characterizes the peculiarities of the present stage of the development of productive forces.

Regarding the interpretation of the concept of international economic integration, we support the idea to dwell on a methodological approach that considers international economic integration as a process based on ways for mutually beneficial cooperation to achieve the maximum possible synergy effect, since it is on these grounds. Our opinion is that there should be an involvement of Ukraine into the world economic space and determine the strategic guidelines for the development of the national economy and its individual branches.
The typical problem the country faces in the issue of international integration into the world economy, as emphasized by Hosny, is the uncertainty of achievements and losses for the national economy [0]. Global economic integration provides maximum benefits when the vast majority of countries are involved in this process and implement the relevant policy. If a country is mistaken or the policy of liberalization is implemented untimely, the country gets an instant reaction from international markets. Under this assumption, countries lose their economic dynamics, then the world as a whole returns to a lower level of integration.

International economic integration was classically considered through the prism of the formation of regional economic unions. However, in recent scientific publications we find an broad interpretation of international integration processes which includes the following levels: global, georegional, national, and company level [0].

According to Potraţe global integration is directly related to the diversification of economic globalization, the formation of global networks, in particular: food, innovation, logistics, regulatory, etc., which, in turn, enhances the economic integrity of globalization processes, the structural interdependence of elements. National economic integration involves the formation of integral economic complexes, which include the development of the division and cooperation of labor between territories and branches of the economy, the introduction of national monetary units, the creation of institutional and economic infrastructure [0].

The globalization at the industry level is determined by the extent to which the competitiveness of an individual company within the industry in a given country is interconnected with its level of competitiveness in another country. The more globalized industry, the more advantages the company receives from the introduced technology, production process, factory brand [0]. The main indicators of globalization of the industry Sokolenko considers: the ratio of volumes of counter trade within the industry with the volume of world production, the ratio of counter investments to all investments in this sector by capital, the proportions of profits gained by competing industry companies in all major regions of the world, an increase in the concentration of capital. The concentration of capital leads to the dynamic development of transnational industrial complexes – transnational corporations (TNK) and occurs through the acquisition and merger of companies [0].

Key functions in the global economy are leading regulatory institutions as the International Monetary Fund, the World Bank, the World Trade Organization. Regulatory institutions of the global economy also include regional banks, UN bodies (United Nations Development Program, United Nations Conference on Trade and Development). But they have somewhat less organizational and financial resources to influence the economy on a global level. Issues of promoting the development of international trade, the equal right to mutually beneficial cooperation between States, and the development of recommendations for the functioning of international economic relations at the UN are addressed to the body of the UN General Assembly, the United Nations Conference on Trade and Development (UNCTAD). UNCTAD was founded in 1964.

The connection between national economies and modern processes of globalization is provided by rating assessments of the scale of integration of individual countries into the world space. In scientific researches on quantitative measurement of globalization processes two fundamentally different approaches to the estimation of the level of globalization are distinguished [0]:
- using monoindex,
- using integrated synthetic indexes.

Monoindexes are based on the impact of globalization on individual economic or financial in dicators. At the same time, since the beginning of the XXI century, leading economists are exploring and developing new synthetic indicators of globalization, trying to characterize this multifaceted process from various aspects and comprehensively quantify it. A.T. Kearney Index, CSGR Globalization Index, NGI Globalization Index, Globalindex, Maastricht Globalization Index (MGI), and KOF globalization indices are the most widespread and widely used.

One of the most widely used in the world is the KOF Index of Globalization (KOF Index of Globalization). It was introduced in 2002 under the Swiss Federal Institute of Technology (KOF Swiss Economic Institute). In formulating a complex indicator, the authors of the project proceeded from the fact that globalization and it is defined as a process that destroys national boundaries, integrates national economies, cultures, technologies and management, and also produces complex relationships and interconnections, mediated through a variety of flows involving people, capital, ideas, etc. [0].

The KOF Globalization Index allows you to identify the extent of any country’s integration into the world by evaluating various aspects of globalization, built into a single integrated index, and conduct a country-by-country rating analysis. According to KOF the globalization index for 2007-2015 was calculated for 23 variables for 207 countries, starting in 2016, with 43 variables for 203 countries. The KOF Globalization Index is calculated annually since 1970.

All countries studied under the globalization index are evaluated according to the indicators, which are grouped into three main groups of global integration:
1. Economic globalization is the volume of international trade, the level of international business activity, trade flows, international investment, tariff policy, restrictions and taxes on international trade, etc.
2. Social globalization is the level of cultural integration, the percentage of the foreign population, international tourism, international personal contacts, the volume of telephone traffic, postal items, cross-border
money transfers, information flows, the development of information and communication infrastructure, etc.

3. Political globalization is a membership of states in international organizations, participation in international missions (including the UN mission), the ratification of international multilateral treaties, and the number of embassies and other foreign missions in the country, etc.

The KOF system, starting in 2016, distinguishes de jure and de facto indicators. De jure indicators reflect trade restrictions, capital controls, other regulatory restrictions on free trade, including trade barriers, investment restrictions, restrictions on access to Internet resources, television, etc. De facto indicators reveal the results of international trade in goods and services, volumes of foreign investment, exports of high technology, labor migration, etc., testify to the country's real participation in global integration processes. While de facto globalization measures real international flows, de jure globalization measures policies and conditions that facilitate or complicate the promotion of all types of flows [0].

The data on the connection of the domestic economy with the modern global processes are shown in Fig. 1 - 3. It presents rating assessments of the scale of integration of individual countries, including Ukraine, into the world by the system of quantitative and qualitative measurement of globalization of KOF.

According to the integrated index of globalization KOF Ukraine occupies the average position among the countries for which these indicators are calculated. According to the research since 2006 the growth of the index of globalization of Ukraine has been growing faster than the growth rates of the global index of globalization. However, according to the global index of globalization KOF Ukraine remains in the fifth place of the world rankings in 2012-2020. The first places in the global ranking for the integrated index of globalization KOF in 2020 were Switzerland with a maximum of 90.79, the Netherlands - 90.68, Belgium - 90.46, Sweden - 89.44, United Kingdom - 89.39, Germany - 88.83, Austria - 88.56, Denmark - 87.96, Finland - 87.70, France - 87.69 [0].

![Figure 1. The dynamics of the index of globalization of Ukraine in comparison with global index of globalization according to KOF version in 1991-2020](source: created based on data from http://globalization.kof.ethz.ch)

By the level of economic globalization there has been a decline in Ukraine’s rating in recent years. In 2012 Ukraine ranked 61st in terms of economic globalization, 66 in 2020. Singapore ranked first in terms of economic globalization in 2020 with a maximum of 93.63, the Netherlands - 89.58, Belgium – 87.89, Ireland - 87.81, Luxemburg - 87.36, UAE - 86.90, Switzerland - 86.41, Malta - 86.15, Cyprus – 85.77, Estonia - 85.62. The United Kingdom occupied the 21st place in terms of economic globalization in 2020, Germany - 24, France - 27, the United States - 59, the Russian Federation – 115, and China – 146 place [0].

It should be noted the negative impact of coronavirus Covid-19 on the development of economic globalization. The simulation, conducted by Oxford Economics, highlighted the long-term consequences of COVID-19, particularly in terms of forecasting which countries are the most prone to the long-term economic crisis and which countries are normalizing in the short term. Researchers have used data from past crises, including the global financial crisis of 2007-2009, to create 31 indicators of economic vulnerability, covering indicators such as economic structure, GDP growth, and consumer confidence. Emerging markets are projected to suffer more in the long run than advanced economies. Although the negative dynamics towards the decline in GDP are observed, first of all, in countries with developed economies. Factors such as labor market inflexibility and limited budget support pose a greater threat to emerging markets [0].

According to the level of social globalization, the decrease of Ukraine’s rating is 19 pp. during the last years (2012 - 69 position in the rating, 2020 - 88 position in the rating). Monaco ranked first in terms of social globalization in 2020 with a maximum of 91.50, Luxembourg – 90.89, Liechtenstein – 90.78, Switzerland - 90.35, Norway – 89.83, Canada - 89.42, Andorra – 89.24, United Kingdom – 89.18, Singapore – 88.70, San Marino –
88.38. In comparison, in 2020, Germany ranked 14th in terms of social globalization, 24 in France, 21st in the United States, 96 in the Russian Federation, and 135 in China [0].

![Figure 2. The dynamics of the index of economic globalization of Ukraine in comparison with the index of economic globalization of the leading countries of the world according to the KOF version in 2012-2020](http://globalization.kof.ethz.ch)

As a political component, Ukraine ranks in the fourth top ten ranking. The leaders in the global ranking for the level of political globalization in 2020 included: France - 97.98, Germany – 97.90, Italy - 97.80, United Kingdom - 97.08, Belgium - 96.62, Netherlands – 96.59, Sweden - 96.43, Switzerland - 95.62, Austria - 95.45, Finland – 93.65. For comparison, the USA in terms of the level of political globalization in 2020 took 15th place, the Russian Federation 13, and China 26 [0].

![Figure 3. The dynamics of the index of social globalization of Ukraine in comparison with the index of social globalization of the leading countries of the world by version of KOF in 2012-2020](http://globalization.kof.ethz.ch)

Conclusions

In the future, the formation of Ukraine's national policy will largely depend on international politics, commitments and current processes. In order to increase the rating's assessment of the scale of Ukraine's integration into the world, it is expedient: 1) to increase the volume of international trade, increasing the level of international business activity, trade flows, flows of international investments, etc.; 2) to increase the level of cultural integration, the level of international tourism, cross-border money transfers, information flows, etc.; 3) to ensure membership in leading international organizations, participation in international missions, processes for the ratification of international multilateral treaties, etc.

The essence of modern changes in economic relations is the reorientation of the relative closeness of the economy to the openness and liberalization of all forms of economic activity in order to increase the effectiveness of foreign economic relations, stabilization of the commodity structure of foreign trade, as well as the inclusion of
national economies in the system of world economy. In the context of modern world economic trends, defending the country's own interests is possible only if it is a member of influential international organizations or integrated associations.

Today, Ukraine is a member of over forty intergovernmental and non-governmental international organizations. During the years of independence, Ukraine became a member of the International Monetary Fund (IMF, 1992), International Bank for Reconstruction and Development (IBRD, 1992), became a full member of the Organization for Security and Cooperation in Europe (OSCE, 1995), a full member of such an influential an international regional institution such as the Council of Europe (CE, 1995).

In 2014, an Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand (hereinafter referred to as the ‘EU-Ukraine Association Agreement’) was signed, and replaced the Partnership Agreement and cooperation between the European Communities and Ukraine. Such a move allows us to move from partnership and cooperation to political association and economic integration. The political part of the Association Agreement between Ukraine and the EU was signed on March 21, 2014, and the economic part – on June 27, 2014.

At the same time, Ukraine is a member of the International Food and Agricultural Organization (FAO, 2003) and the World Trade Organization (WTO, 2008).

However, domestic economists emphasize that the inclusion of Ukraine in global and integration processes, besides new opportunities, entails new risks and threats. In order to find compromise solutions for the development of international economic integration in the future we propose the following approaches:

- ensuring national sovereignty and realizing national interests in the global environment,
- integration of countries at the sub-global level. However, according to the author, the intensive proliferation of regional trade blocs has, in the past, created some tensions in the world trading system, while hampering the processes of global economic integration at the same time.

Ukraine today is demonstrating its desire for excessive openness to inclusion in various transnational structures. It needs to develop effective mechanisms for its own development and functioning in a globalized world.

A fundamental necessity becomes the development of a state policy of globalization that takes into account the balance of geo-strategic forces in the global space and clearly defines the place and role of Ukraine in it. At the same time, as the author emphasizes, globalization policy should be aimed primarily at the realization of national interests, not by means of alignment with the needs of the planetary system of development, but through the opportunity to declare and defend its own nationally regulated position in the global world. The problem of the unformation of national identity is particularly acute, which prevents the state from fully confronting globalization challenges from other states.

Therefore, we emphasize the need to identify the impact of globalization and integration processes on the country’s economy as a whole with the obligatory conducting of research at sectoral levels. Taking it into account, on the one hand, strong competitive positions of the country that could contribute to general economic development are clearly insufficient, and, on the other hand, the high competitive positions of some domestic industries in the international market can serve as engines of national competitiveness.

Ukraine in global and integration processes, besides new opportunities, entails new risks and new threats without which it is impossible to adjust the national strategy of further integration into the world economic space. An assessment of the real state of the country’s economic complex its individual branches and its own capabilities is an indispensable condition for an adequate and timely response to these challenges, reorientation of domestic producers to new international markets with the growth of exports of value-added goods.

References