ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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PERSPECTIVE DIRECTIONS OF ECONOMIC COOPERATION BETWEEN UKRAINE AND BELARUS AS A FACTOR OF REGIONAL SECURITY

Urgency of the research. *The importance of finding perspective directions of bilateral format for interaction between Ukraine and Belarus in the economic sphere stems from the major role of international economic cooperation to maintain and strengthen security in the region in the face of contemporary geopolitical challenges.*

Target setting. *It is reasonable to study the challenges and prospects of economic relations between Belarus and Ukraine through the prism of processes and phenomena occurring within the single economic space of the Eurasian Economic Union and Deep and Comprehensive Free Trade Area between Ukraine and the European Union.*

Actual scientific researches and issues analysis. *The issue of development of bilateral economic cooperation between Ukraine and Belarus is the researching subject of authors like H. Maksak, D. Yurchak, B. Uvarov, A. Demedyuk, A. Kolodiychuk, E. Matveev, N. Mikula etc.*

Uninvestigated parts of general matters defining. *The current geopolitical context requires the practicing of a constant scientific search and dialogue for underpinning acceptable to both sides forms of economic cooperation.*

The research objective. *The aim of this article is to justify perspective directions of economic cooperation between Ukraine and Belarus as a factor of regional security for their impact on maintaining and strengthening the regional security.*

The statement of basic materials. *This article presents a general assessment of trends in the economy of Belarus as part of the Eurasian Economic Union for their impact on economic interests of the state and its external economic policy. The role of Belarus in mitigating the impact of Ukrainian-Russian trade sanctions by its performance the functions of transit channel for the products with varying degrees of processing is defined. The context, which is formed by the DCFTA implementation processes for the development of bilateral economic collaboration between Ukraine and Belarus, is identified.*

Conclusions. *Opportunities for external economic manoeuvres of Belarus and Ukraine in the current geopolitical conditions depend on the ability of states to achieve a consensus on key areas of cooperation and compromise between their integration vectors. In future economic cooperation between Ukraine and Belarus should be expanded within the entire Baltic-Black Sea region.*

Keywords: *economic security; international economic cooperation; economic integration; economic interests; trade*

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ПЕРСПЕКТИВНІ НАПРЯМИ ЕКОНОМІЧНОЇ СПІВПРАЦІ МІЖ УКРАЇНОЮ ТА БІЛОРУССЮ ЯК ЧИННИК РЕГІОНАЛЬНОЇ БЕЗПЕКИ

Актуальність теми дослідження. *Важливість пошуку перспективних напрямів розвитку двостороннього формату взаємодії між Україною та Білоруссю в економічній сфері зумовлена ключовим значенням міжнародної економічної співпраці для підтримання та зміцнення безпеки у регіоні в умовах сучасних геополітичних викликів.*

Постановка проблеми. *Доцільним є вивчення викликів та перспектив у розвитку економічних відносин між Білоруссю і Україною крізь призму процесів і явищ, що відбуваються в рамках єдиного економічного простору Євразійського економічного союзу та поглиблено зони вільної торгівлі між Україною та Європейським союзом.*

Аналіз останніх досліджень і публікацій. *Проблематика розвитку двосторонніх економічних відносин між Україною та Білоруссю є предметом досліджень таких авторів, як Г. Максак, Д. Юрчак, Б. Уваров, О. Демедюк, А. Колодійчук, Є. Матвєєв, Н. Мікула та ін.*

Виділення недосліджених частин загальної проблеми. *Поточний геополітичний контекст потребує підтримання постійного наукового пошуку та діалогу задля обґрунтування прийнятних для обох сторін форм економічної співпраці.*

Постановка завдання. *Метою статті є обґрунтування перспективних напрямів економічної співпраці між Україною та Білоруссю з точки зору їх впливу на підтримання та зміцнення економічної безпеки у регіоні.*

Виклад основного матеріалу. *У статті здійснено узагальнену оцінку тенденцій розвитку економіки Білорусі в складі Євразійського економічного союзу з точки зору їх впливу на економічні інтереси держави та її зовнішньоекономічний курс. Окреслено роль Білорусі у пом'якшенні впливу українсько-російських торговельних санкцій за рахунок виконання нею функцій транзитного каналу надходження відповідної продукції з різним ступенем обробки. Визначено контекст, який формують процеси імплементації ПВЗВТ для розвитку двосторонньої економічної співпраці між Україною та Білоруссю.*

Висновки. *Можливості для зовнішньоекономічних маневрів України і Білорусі в сформованих геополітичних умовах залежать від здатності держав досягти консенсусу щодо ключових напрямів співпраці і компромісу між їх інтеграційними векторами. На перспективу розширювати економічну співпрацю між Україною і Білоруссю слід в рамках всього балтійсько-чорноморського регіону.*

Ключові слова: *економічна безпека; міжнародна економічна співпраця; економічна інтеграція; економічні*

sanctions; Eurasian Economic Union (EEU) and Deep and Comprehensive Free Trade Area between Ukraine and the European Union (DCFTA).

інтереси; торговельні санкції; Євразійський економічний союз (ЄЕС); поглиблена та всеохоплююча зона вільної торгівлі між Україною та Європейським союзом (ПВЗВТ).

Urgency of the research. Interstate economic cooperation is a key factor of stability, security and achieving the objectives of the international community. Although in the trade and economic area the Republic of Belarus has been and remains one of the main trade partners of Ukraine, current economic cooperation between them faces several challenges, including geopolitical changes in the region, lack of funding, institutional weakness and limited coordination between authorities. This is reflected in the priorities of the strategic papers of the states, where the vision of national security threats and their sources is fundamentally different. Given the fact that the Belarusian authorities are ready to mediate in relations with Russia increasingly on the level of economic projects, the task of searching for perspective directions of bilateral cooperation between Ukraine and Belarus in the economic sphere becomes relevant.

Target setting. The underlying motive that drives states to economic cooperation is their interest. Therefore, a precondition for effective economic collaboration between Ukraine and Belarus is awareness, recognition and mutual respect of the courses chosen by each country for implementation and protection of such interests. Obviously, the economic interests manifest themselves in integration vectors of the states. The integration process, for its part, affect the methods and feasibility of economic interests. Thus, challenges and prospects of economic relations between Belarus and Ukraine should be considered through the prism of processes and phenomena taking place within the single economic space of the Eurasian Economic Union (EEU) and Deep and Comprehensive Free Trade Area between Ukraine and the European Union (DCFTA).

Actual scientific researches and issues analysis. Situation and Development Prospects of bilateral economic relations between Ukraine and Belarus are the researching subject of many authors. Notable among the most relevant publications are study on cooperation between Belarus and Ukraine in new geopolitical conditions (H. Maksak, D. Yurchak [1]), pressing issues in developing of cross border cooperation between the states and possible ways of overcoming them (B. Uvarov [2]), possible avenue for strengthening cross border cooperation of Ukraine (a group of authors of SI “Institute of Regional Research n.a. M. I. Dolishniy of the NAS Ukraine” [3]).

Uninvestigated parts of general matters defining. Despite the issue of economic cooperation between Ukraine and Belarus is a subject of numerous studies and much debate, the current geopolitical context requires the practicing of a constant scientific search and dialogue for underpinning acceptable to both sides forms of economic cooperation.

The research objective. The aim of this article is to justify perspective directions of economic cooperation between Ukraine and Belarus as a factor of regional security for their impact on maintaining and strengthening the regional security. To achieve the goal, the following objectives need to be met:

– to describe the trends in the economy of Belarus as part of the Eurasian Economic Union for their impact on economic interests of the state and its external economic policy;

– to define the impact of Ukrainian-Russian trade sanctions on transformation of format of their economic cooperation;

– to identify the context, which is formed by the DCFTA implementation processes for the development of bilateral economic collaboration between Ukraine and Belarus.

The statement of basic materials. As was found in a study of Belarusian experts, the dynamics of the Belarusian economy as part of the Eurasian Economic Union displays unsatisfactory nature and tends to get worse [4]. This is confirmed by data originating from official statistics. In 2015 it was noted reduction of key socio-economic and foreign trade of Belarus. Real GDP of the country declined by 3,9%. There was a reduction of the index of industrial production, agricultural production, construction, in the volume of the transportation of goods (except the air). External trade turnover of Belarus decreased by 25,9%, export – by 26,1%, import – by 25,2%. Export declines to EEU countries totaled – 26,7% [5].

Has not occurred promotion of the five basic integration projects (business combinations of Belarusian and Russian enterprises: establishment of a Holding “Rosbelavto” bases on MAZ and KamAZ, integration of Belarusian “Intehral” and Minsk Wheel Tractor Plant with the structures of the State Corporation “ Rostekh”; “ Pelenh” with “Roskosmos”, and “ Hrodno Azot ” with “Yevrokhim” or “Hazprom”) [4].

A sharp reduction in energy rent reversed comparative advantage of Belarusian enterprises. The decline in world oil prices, that started in the middle of 2014, significantly curtailed the profit of Belarusian oil refiners according to the results of 2015. Further negative factors responsible for the profit of Belarusian oil industry were the continuing devaluation of the Russian rouble and the tax maneuver in the Russian upstream sector [6]. Instead of the expected $2,5 billion in the form of oil products export duties Belarus received from Russia only about $1 billion [4].

Increasing of instability and uncertainty of Eurasian integration, dissatisfaction of Belarus with its pace and outcomes (significant drop in reciprocal trade turnover accompanied by superior setbacks of Belarusian export, degradation of its structure etc.) linked to the increasing discord between Belarusian and so-called “overall integration” interests.

Such a deepening conflict of interests together with awareness of the need to modernize economic model directly affected the formal launching of a policy of diversified external trade and reforming the economy by Belarus. This dedication to get back to the international economic arena as a competent actor should be regarded as significant event within the context of this study.

At the same time, it should be recalled that priority for Belarus continues to be vector of Eurasian integration. Therefore, all potential project initiatives of economic cooperation within the EU (primarily EaP) should be based on sector-by-sector approach. This is facilitated, inter alia, by process that intensified in Ukrainian and Belarusian economies since the imposition of trade sanctions.

Until recently, Belarus was able, to some degree, mitigate the negative effects of trade restrictions, acting as a mediator in regional trade. Official Belarusian statistics indirectly imply that: since the imposition of the food embargo by Russia, Belarus has become a transit channel for the flow of products banned in Russia. Goods which foreign trade turnover increased significantly, include two key groups. The first group is that of the is the goods that are handled or processed. Thus, Belarus has taken an important place in the logistics supply chain of Norwegian salmon. Prohibition of milk and milk products from the EU allow Belarus to increase exports of dairy products to Russia.

The second group of products was widely debated. These include, for example, fruits and vegetables, which increased imports from the EU coincided with the increased exports of similar products to Russia. In 2015 it was supplied to Russia: Belarusian lemons to the amount of $3,2 million, Belarusian nuts (coconut, Brazil nuts, cashew and almonds) to the amount of $1,2 million, Belarusian pineapples to the amount of $ 0,3 million). The supply of Belarusian blue cheese (in 2015 its exports to Russia increased by 4,4 times), shrimp, mussels and others was also mentioned [7]. The significant increase in such exports has shown how ineffective Russia prohibition was and how easily it can be bypassed.

In relation to a reported increase in the allegations of the use of illegal re-export schemes of goods from the European Union and Ukraine to Belarus, received from Russia, it has become necessary to find more effective value added forms of vertical integration. At a time when Ukraine and Belarus have advantages in the EU and EEU markets respectively, they should use them together. Such cooperation could be based first and foremost on the rules of origin, that would contribute to the deepening the good-neighborliness and reciprocal investment. Joint ventures established in Belarus, would open access to the Eurasian market and Asia, and in Ukraine – to EU.

With regard to process of implementing Deep and Comprehensive Free Trade Area between Ukraine and the European Union, they form a misleading context for the development of bilateral cooperation between Ukraine and Belarus. Since 2016 for the first time in 2,5 years, an increase in exports to the EU both in real and nominal terms was observed. Over the first 8 months of 2016, this index growth rate was more than 4%. The share of foreign trade of Ukraine with the EU has increased and come close to 40%. There was an increase in the number of market entries to the EU, made by Ukrainian companies had not exported to Europe before [8].

The optimistic mood in business circles about the prospects of European integration are gradually replacing pessimistic. According to a poll the number of industrial enterprises in Ukraine that benefit from DCFTA outnumbered businesses that experienced losses from trade liberalization by nearly three to one [10].

In terms of development of bilateral collaboration between Ukraine and Belarus processes, which take place in Ukrainian economy with respect to the implementation of DCFTA, should be considered at least in

two notions. On the one hand, the continuation of trends of increased imports from the EU, which the economy of Ukraine demonstrated in 2016, may further complicate the basic form of the Ukrainian-Belarusian cooperation – bilateral trade. Ukraine is one of the countries that have been found in the list of foreign top sheet of Belarus for a long time. In 2015 Ukraine ranked third among the major trading partners with the share of import over 9% [7].

Thus, Belarus has an objective interest in keeping Ukraine as some of the largest markets for its products. The flow of European goods on Ukrainian market has been identified as a potential threat for Belarusian producers both in foreign and domestic markets. Thereafter it could trigger disputes and recover "trade wars" between the states, not only as a result of protectionist policies, but restrictive requirements of the Russian side.

On the other hand, trade agreement between Ukraine and the European Union unlocks the potential for new solutions of accumulated in Ukrainian and Belarusian economies problems. The phasing out of the Ukrainian presence on EEU market (in 2015 Ukrainian share in turnover of EEU decreased by 44%, in export – by 43%, in import – by 45%) [5] and shift of Ukrainian export to European direction represent a window of opportunity for Belarus to develop market niches, where countries were rather competitors than partners, with less. At the same time, an open European market for Ukraine, on the contrary, creates advantages for the Belarusian side for competitive commodity positions.

Despite the ambitious plans of Ukrainian and Belarusian authorities to intensive innovative development of national economies proclaimed in the strategy papers [9; 10], in funds-constrained settings regional projects should be developed primarily in the areas where it is easy to get the most significant effect. Creation of joint production sites should be specifically tailored to the production which should necessarily be of the best competitive price and quality both at the domestic and foreign markets. Among the potential areas of cooperation, the ones that will solve especially acute problems for both states are the priorities. They are unstable and extensive agriculture, development of transport, energy efficiency and energy independence etc.

Ukraine, for its part, could provide relevant information and technical assistance to Belarus side in case of its interest of establishing relations with European structures as possible (in the future) alternatives after the period of staying in the shadow of its eastern neighbor.

There is a high likelihood that "reset button" with EU and the opportunities in this regard to Belarus in the form of their regional projects will be accompanied by increasing competition with Ukraine for financial resources, the attention of European partners or leadership in certain niches. The same, although to a lesser extent, applied to the initiative "The Silk Road Economic Belt". Although many routes connecting China and the EU pass through Belarus, Ukraine has many more neighbors with the EU than Belarus, and also represents the shortest route connecting the EU with China. Therefore, with the development of the infrastructure Ukraine is able to compete with Belarus for Chinese investment in the development of transit potential.

Conclusions. The negative dynamics of the Belarusian economy, failed expectations for Eurasian integration and the impact of Ukrainian-Russian sanctions shaped the economic background for the development of cooperation between Ukraine and Belarus in recent years.

One of the priorities of foreign policy of Ukraine on Belarus should be strengthening economic and trade partnerships and to minimize the risk of recurrence of "trade war". At that Ukraine shall perceive Belarus as a sovereign state that has its own economic interests and is committed within related with Russia integration form of relations. To avoid further confrontation with Russia, and to achieve greater gains for the national economy, the traditional Belarusian scheme of re-export should be transformed into more productive in terms of value added forms of economic cooperation with Ukraine.

Processes of the implementation of DCFTA also make up complex context for the development of bilateral cooperation between Ukraine and Belarus. Therefore, Belarusian authorities avoid the choice between cooperation with the West or the East and all communication with them will be more fruitful if they include projects that are the focus of economic interests of Belarus.

Room for foreign policy manoeuvre of Ukraine on Belarus in the current geopolitical circumstances depend on the ability of states to reach a consensus on key areas of cooperation and compromise

between their integration vectors. In future economic cooperation between Ukraine and Belarus should be expanded within the entire Baltic-Black Sea region.

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