
S u m m a r i e s

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LOITERING ON THE "DIRT ROADS" OF THE "LOST DECADE"

The author provides a systemic overview of the consequences of the recent financial and economic crisis and of the anti-crisis activities both globally and in selected countries. Special attention is given to the post-crisis situation in the EU, in particular, in Hungary. The article assesses the results of various anti-crisis measures and describes various aspects of such urgent issues as national debt, international anti-crisis cooperation, changes in the international trade rules, Basel Accords on financial regulation, Doha Development Agenda, supervision on banking activities and some others. There is a detailed retrospective overview of the political component of Hungary's anti-crisis measures and the EU reaction to them. The conclusion gives an outlook of the longer term prospects of economic developments in the context of the crisis and the corresponding changes in economic and political patterns.

Key words: Global financial crisis, Great Crisis, anti-crisis measures, EU-Hungary relations, Basel Accords, national debt, international anti-crisis cooperation, international trade rules, supervision on banking activities.

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DISPROPORTIONS OF UKRAINE'S GROSS AVAILABLE INCOME AND THEIR IMPACT ON GDP DYNAMICS

The article shows that, during the period since 2013, in Ukraine, negative structural changes have taken place in the distribution of gross available income leading to a constant shortage of resources in the sectors of general state management and non-financial corporations, and, correspondently, to increasing debt pyramids. The sector of non-financial corporations continues to lose a lion's share of their potential incomes from property due to excessive credit interests, which leads to weakening of the main investors and makes it investment incapable even for simple reproduction making it intensively increase its external debts, which recently have been four-fold greater, in average quarter terms, than the sector's savings. As a result, both the investment processes and GDP dynamics are slowed down. The continued accumulation of the government's liabilities on social transfers has created a constant resource shortage in the state sector and turned the market of domestic borrowing into a government's domain. The above mentioned developments, in turn, hampers the lowering of credit rates, and supports the mechanism of pumping out the companies' net property incomes from the real sector to that of financial mediators and further to repay the banks' debts. Continued growth of the households' incomes and expenses with the rates higher than those of GDP, without sufficient investments to renew the production only leads gradual loss, by the domestic producers, of this country's domestic market. Deep and protracted underinvestment of structural changes and economic modernization appears to depend on the economically unjustified policy of raising social standards.

Key words: institutional structure of gross available incomes, dynamics of gross domestic product, investment processes, social transfers, property incomes, domestic and external debts, macro-structural distortions.

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FORECASTED TRENDS OF THE NATIONAL ECONOMIC DEVELOPMENT IN THE CONTEXT OF THE CREATION OF FTA WITH THE EU

The article presents a forecast based assessment of the change of output by economic activities due to the conclusion of Association Agreement between Ukraine and EU and the corresponding creation of a free trade area. The assessment has been done in accordance with a methodology based on the use of the dynamic input-output model, with the inclusion of the corresponding substitution elasticities, which makes it possible to assess the possibilities and risks, on the domestic market, for Ukraine's importers and producers in order to timely avoid losses, which may take place due to the accession to the free trade area. The calculations of the effects of the integration were made in accordance with the structure of Ukraine's foreign trade formed after 2010–2011. The equation of intersectoral balance was constructed based on the input-output tables in basic prices of 2010. The elasticity rates of exports and imports were calculated in accordance with the econometric equations obtained on the data of Ukraine's foreign trade in 2006–2011.

The authors point out that the liberalization of the trade regime, due to the creation of the free trade area would contribute to increased turnover between Ukraine and the EU Member countries. However, the maximum effect will be observed in the first year of the Agreement's action, when the maximum reduction of the customs tariffs takes place, and in the future, due to the raw materials character of the exports to the EU countries, this effect will disappear. The multiplier effect appearing due to the trade intensification and showing itself in the distribution of incomes obtained from increased exports, will only partly improve the output indicators without changing the general tendency.

Taking into account the fact that the positive influence of the trade effects will be short, the authors justify the need of developing and introducing effective measures for individual economic sectors aimed at overcoming the

disproportions of their technological structure, whose aggravation could lead to further losses on the domestic and foreign markets.

Key words: *Integration processes, exports, imports, customs regulation, trade effects, multiplier effect.*

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STRUCTURAL CHANGES IN UKRAINE'S ECONOMY

The article generalizes the tendencies and specific features of the structural changes in Ukraine and the factors of macro-instability, which affected the production structure, during the pre-crisis and post-crisis periods. The author provides various methodological approaches to the formalized assessment of structural dynamics based on the use of index methods of macro-structural analysis and make it possible, with the use of local and integral indexes of structural change, to define qualitative estimates of the cumulative effect of the change of the main intersectoral output proportions by economic and industrial activities.

The article shows that the considerable losses incurred by the national economy during the crisis and post-crisis periods (with stronger imbalances in the production, fiscal, foreign economic and other areas caused not so by the impact of the external financial and economic crisis, as by internal economically dangerous distortions in the systemic reproduction processes related, first of all, to the inefficient and overburdened economic structure and low technological level of this country's exports.

The author justifies the formation of the tendencies of increased influence of the price factor on the structural dynamics under the conditions of macro-instability. The author proves that, beginning with 2005, Ukraine's economy has been dominated by the impact of the price factor on the structural dynamics, so the output dynamics, by economic activities, was no longer the main instrument to change the intersectoral output proportions and lost its properties of the main regulator of the capital movement and corresponding structural changes.

The author defines the inflation dynamics and GDP increase under which structural changes would take place mainly at the expense of output expansion and the possibilities of price pushed distribution of nominal produce volumes between the sectors would considerably decline.

The author justifies the need to realize the guidelines and measures of structural policy related to encouraging the price regulation to contribute to investment attractiveness of high value added activities, which are able to raise the technological level of the production.

Among the strategic guidelines of structural policy, the author mentions the use of the agrarian potential to provide the national food security and make Ukraine one of the world's leading food producers and exporters.

Key words: *structural dynamics, local and integral indexes of structural change, factors of macro-instability, disproportions in the sectoral production structure, price disproportions.*

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TRANSFORMATION OF THE INVESTMENT PRIORITIES OF UKRAINIAN BANKS WITH THE STAGNATION ON THE CREDIT MARKET: POSITIVES AND PROBLEMS

Since 2008, the tendencies in the activities of Ukrainian banks have undergone a considerable change, making it possible for the author to firmly mention the deep transformations not only in the banking system itself, but also in its interaction with public, corporate and households' finances, as well as with foreign investors. The article aims at outlining the above mentioned transformations and analyzing their short- and medium-term consequences.

The author investigates the changes in the investment strategy of Ukrainian banks during the post-crisis period (2009 – first half of 2013). The article considers the incentives for the changes of the banks' investment priorities and analyzes the advantages of government bonds as the main financial instrument of investment.

The author proves that the redistribution of resources by the types of investment is caused, first of all, by the banks' reaction to the current economic conditions rather than revision of the strategies of their investment activities: the post-crisis transformations of the banks' investment strategy show the limited number of investment type, barriers to the banks' entrance to the foreign investment market, concentration of the domestic market of financial tools and the need to further raise the efficiency of the mechanisms of the overall redistribution of financial resources between economic activities.

Key words: *banks' assets, securities, government bonds, deposits, leverage.*

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INTEGRATION OF UKRAINE'S SCIENTIFIC POTENTIAL INTO THE INTERNATIONAL SCIENTIFIC AND TECHNOLOGICAL SPACE

Based on the results of a questionnaire survey and official reporting documents, the article provides an analysis of the current state of international scientific & technological cooperation between the institutions of NAS of Ukraine and universities. In particular, the authors identify various advantages and problems of international cooperation, the main partner countries, and joint research areas for projects/programs and country scientific indicators.

The article presents the results of scientific and technological potential of the institutions, as well as joint activities of the NAS institutions and universities. On that ground, various suggestions on choosing an integration vector Ukraine are provided. The authors propose the use of various factors to enhance the integration process of domestic science in the global scientific and technological space. The basic tools of science support (state tasks) have been selected.

The effectiveness of cooperation between the organizations and enterprises in Ukraine, CIS countries and the EU will strengthen the organization of the interaction between business representatives, scientists, consumers and the state in choosing priorities, identifying goals, and forming a road map of modernization and scientific and technological development.

Key words: *scientific&technological cooperation; scientific&technological potential; institute of NAS of Ukraine and universities; integration.*

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AGRICULTURAL MARKETS UNDER THE INFLUENCE OF EXPECTED CHANGE IN THE TRADE REGIMES

The article presents the analysis of agricultural trade regimes under alternative options of economic integration of Ukraine - FTA between the EU and Ukraine and Ukraine's accession to the Customs Union of Russia, Kazakhstan and Belarus. The author identifies the advantages for the development of exports and the threat to domestic producers under the conditions of different options for regional integration.

It is shown that the conditions of agricultural trade with the EU are asymmetric because of (1) a significantly lower level of tariff protection of the domestic market of Ukraine, (2) a large number of specific and combined customs duty rates in EU, while in Ukraine the vast majority of import tariff rates are ad valorem; (3) the use of export subsidies by the EU (Ukraine has no right to use export subsidies), (4) the use of special safeguard measures by the EU, not allowed for Ukraine, (5) the use of input prices in the EU; (4) using tariff quotas for 15% of tariff lines of agricultural products in the EU, while Ukraine has a tariff quota only for sugar cane. The analysis of the Association Agreement between the EU and Ukraine showed that the FTA only partially eliminates asymmetrical trade regimes between the parties through (1) granting the free access to EU market for certain Ukrainian products within the tariff quotas, (2) the refusal of EU to use export subsidies in bilateral trade with Ukraine.

The author formulates disadvantages and risks for Ukrainian agricultural trade under FTA with EU: (1) small values of tariff import quotas granted by EU and limited list of tariff lines, (2) the inability of the majority of domestic producers to meet the technical, sanitary, phytosanitary requirements for export under tariff quotas allocated for Ukraine (3) losses of domestic producers of meat and meat products, fruits and vegetables as a result of increased imports from the EU.

It is shown that trade in agricultural products with Customs Union of Russian Federation, Belarus and Kazakhstan develops slowly and the top export goods are at risk due to: (1) problems of technical regulations, (2) implementing programs to support the production of these goods in CU countries, (3) competition from third countries on CU markets. The author estimates total losses of exporters from the restrictions on agricultural trade on CU market providing that the Association Agreement between the EU and Ukraine was signed.

Key words: *regional integration, free trade agreement, customs union, trade regimes, trade in agricultural products.*

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SPECIFIC STRUCTURAL FEATURES OF THE FORMATION OF MILK PRICE IN THE FOOD CHAIN

The article highlights the problems of the formation of milk prices in the course of the produce movement from agricultural producer to consumer. The author calculates the share of each participant of the price chain in the structure retail price and estimates the obtained values as compared with similar ones in different countries.

It has been established that the share of agriculture in the structure of retail price for milk in Ukraine is lower than in other countries. At the same time, the level of retail prices for milk has reached similar indicators in most European Countries.

In view of the above, the author makes a conclusion about the presence of a disproportion in the distribution of economic results between the participants of the milk price chain. In our opinion, the problem requires a weighted agrarian policy and constructive scientific research. The author proposes various measures for fair distribution of the results of economic activities between the participants of the given price chain, which would contribute to the improvement of the situation in the milk subsector and rise of milk and dairy products consumption by Ukraine's population.

Key words: *milk price chain, food chain, mechanism of price formation, structure of retail price, equivalence of exchange.*

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EFFICIENCY OF THE ORGANIZATION OF SCIENTIFIC RESEARCH ON THE REQUEST OF GOVERNMENT AGENCIES

The article considers various aspects of the efficiency in the organization scientific research on the request of government agencies. The author assesses the existing approaches to the organization of state procurement in that area. In particular, she considers the issue of the initiation of scientific research by public authorities. The article provides analysis of the correspondence between the planning process and the execution of research projects on the request of government agencies to the main principles of the target-oriented method. The author carries out a detailed analysis of the process of planning scientific research and reveals various problematic issues leading to inefficient use of public funds. The author also deals with various criteria of the selection of research project executors corresponding to different approaches of the state procurements in that area. She has analyzed a series of approaches to defining the value of a research project and qualification determined pay rates of the involved researchers. The author provides recommendations as to raising the efficiency of the use of Ukraine's scientific potential in view of the satisfaction of long term public interests.

Key words: *research projects, target oriented method, state procurements, efficiency of the use of public funds, planning scientific research, qualification characteristics.*

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ASSESSMENT OF THE OPENNESS LEVEL OF THE REINSURANCE MARKET ON THE BASIS OF GRAVITY MODELING

One of the prerequisites for a successful development of the financial services market is the effective functioning of the reinsurance market, which acts as a complex dynamic system. On that ground, the article provides a review of the market as a network structure that allows to get rid of some shortcomings in the management decisions of the market subjects (especially on its segmentation and clustering). The necessity to improve the statistical methods of quantitative estimates of the reinsurance market and increase the range of its comprehensive analysis determines the relevance of the study of market as a social network model.

The level of openness of the reinsurance market represents a characteristic of solvency, operation stability and rating of the market participants. As it is based on the formalization of relationships and interdependencies between the parties, the author provides a description and forecasting of the structural functioning of the domestic reinsurance market with the use of gravity modeling.

Modeling the openness level of the reinsurance market with the use of gravity modeling provides an opportunity to obtain the following results: to quantify the strength of interaction between the considered and other contractor countries in the context of reinsurance activity; to cluster the directions and sources of reinsurance operations; to determine economically sound strategy and tactics of behavior of the reinsurance market subjects; and to identify priorities for the selection of countries for the reinsurance of own risks and those transmitting part of their insurance premiums to reinsurance based on the insurers' rating.

Key words: *reinsurance market, active reinsurance, passive reinsurance, model of the social network, gravity modeling.*

O.Novytska, First Secretary on economic issues

Embassy of Ukraine in the State of Israel

UKRAINIAN-ISRAELI COOPERATION IN THE SPHERE OF SCIENCE AND TECHNOLOGY (1991–2013)

During 1991–2013 the Ukrainian-Israeli relations have been developing at varied speed, sometimes gaining momentum, sometimes slowing down. For this there are a number of objective and subjective reasons. However, a numerous (over 360 thousand) community of former citizens of the Soviet Union or independent Ukrainian state, considerable R&D potential of both countries and a lot of common interests and problems make a good basis for more active interaction of our countries in such spheres as renewable energy, agriculture, environmental protection, medicine. The article researches the history of bilateral relations in science and technology, development of their legal base as well as discusses possible steps towards their stimulation.

Key words: *Israel, cooperation.*