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Maryna M. Dielini
Alla V. Sukhanova

Evolutionary Aspect and Current State of the European Union Development

The article examines the evolution of the development of the European Union (EU), suggests the stages of its formation. The main factors of the emergence of the EU and important aspects of integration are indicated. The gradual accession of new members and documents regulating the functioning of the EU are reflected. The statistics of foreign trade of the EU countries and the place of the EU in the world are given. Special attention is paid to the relations between Ukraine and the EU as the main partner for Ukraine. The stages of development of Ukrainian-European relations and the importance of integration processes for our country are presented, which is reflected in the form of foreign trade statistics between Ukraine and the EU.

Keywords: integration, economic integration, European Union, EU member states, export, import, visa-free regime.

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Introduction

The European Union occupies an important place in the modern political, economic, social world, being one of the world leaders. At present, the EU is a unique integration group that unites 27 countries (at the beginning of 2020 the number of member states was 28), which differ in the level of economic development, size, population, social system, etc. In addition, the EU is an important trading partner that unites not only member states but also other European countries and developed countries in other parts of the world. Taking into account that the EU is a strategic partner for Ukraine and Ukraine intends to become a full member of the community, the study of their integration and economic relations is a topical and important issue.

Literature Review

A number of researchers analyzed the EU, its historical development and main current in-house tendencies, namely Katharina L. Meissner, Magnus G. Schoeller, Kvasha O. & Syniakova A., Raksha O., Izha M., etc. In addition, the analysis of the EU development is presented on the official websites of the Union – the European Commission, Eurostat and others. However, certain aspects still need to be covered in this scientific research.

Method

The article uses a historical method to analyze the stages of formation of the

EU and Ukrainian-European relations, a statistical method to study the socio-economic indicators of the EU development, as well as a systematic approach to the analysis of major trends in the EU.

Analysis

As we know from the literature, European integration is the process of integration of states in Europe or nearby in different spheres, namely industrial, political, legal, economic, social and cultural. Results of integration in the European region is the creation of European Union, that actualy was based on postwar European nation-states integration.

The European Union is a unique model of integration among European national states. 27 countries are the members of the EU. Up to the end of January 2020 there were 28 countries. The UK left the EU on January 31, 2020. It is unprecedent issue that have never taken place before.

We can say that the EU is a unique model of integration based on treaties among member states which created an institutional framework.

The European Institutions – the Commission, the Council and the Parliament – define the aims and policies of the Union and conduct the management of the Union.

The idea behind the European integration process was to create an institutional framework of shared sovereignty in different sectors of the economy.

The ultimate goal of the process is the economic integration of the member states which will call for a political union in the final stage.

Goals of the EU are in different spheres, namely to ensure peace and well-being of citizens, combat social exclusion and discrimination, offer freedom, security and justice without internal borders, enhance economic and social cohesion, promote scientific and technological progress, etc. So we see that not only economic aspect, but social as well is important for the EU.

Achieving these goals, the EU was awarded the Nobel Peace Prize for advancing the causes of peace, reconciliation, democracy and human rights in Europe. This results in the longest duration of peace in Europe than it was previous.

There were two reasons of the EU creation:

1. After the Second world war there was only one world leader – the USA, and Europe lost its leading position. So, they needed to counterbalance the US.
2. Both world wars were started by a European country – Germany – to control this country further some measures had to be taken.

The goal of European integration was to create a system where nation states would no longer follow such destructive policy.

At the beginning We would emphasize that there were two approaches to the EU creation: functionalism and federalism.

Functionalism – building cooperation among countries through the integration of one or more highly important economic function shared by all of them (the UK, Ireland, Norway, etc.).

Federalism – directly establishing a European political federation (the Six). Some countries committed themselves to the highest degree of integration.

So, On May 9, 1950, French Foreign Minister Robert Schuman announced a plan, that was proposed by French entrepreneur – Jean Monnet. To control the forces of war, Monnet suggested to take European coal and steel production under a common control. These industries were chosen because at that moment they were the most military industries.

The Schuman Declaration was regarded as the first step towards achieving a united Europe – an ideal that in the past had been pursued only by force.

The Six countries – Belgium, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands accepted the French proposal, and signed the European Coal and Steel Community (ECSC) Treaty in Paris on April 18, 1951 (History of Union's origin). It can be called the first step to the creation of future EU.

The ECSC created a free-trade area for several key economic and military resources: coal, coke, steel, scrap, and iron ore. The ECSC was quite successful and led to increasing coal and steel trade between the Six by 129 percent in the first five years.

Then leaders of these countries decided to continue unification of Europe on the economic front alone. It was proposed to create a common market. And the result of negotiation was the next step – European Economic Community (EEC) and European Atomic Energy Community (EAEC or Euratom).

EEC aimed to merge separate national markets into a single market that would ensure the free movement of goods, people, capital and services with a wide measure of common economic policies, and EAEC was targeted to further use of nuclear energy but just for peaceful purposes, in contrast to application of nuclear bombs in Japan by the US. The Six signed the treaties creating these two Communities on March 25, 1957 in Rome. It should be noted, that the principle of equal pay for equal work for women and men became part of the Treaty of Rome in 1957.

In 1973 the UK, Ireland and Denmark joined the EU. In 1981 – Greece. In 5 years – Spain and Portugal.

Great changes took place in 1989 when the Berlin Wall fell. This led to the reunification of Germany. The Soviet Union itself ceased to exist in December 1991.

At the same time, the Member States were negotiating a new treaty, which was adopted by heads of state or government in Maastricht in December 1991. By adding intergovernmental cooperation (in areas such as foreign policy, justice and internal affairs) to the existing Community system, the Maastricht Treaty created the European Union. It came into force on 1 November 1993.

Also by the Maastricht Treaty (the Treaty of the EU) were proclaimed the EU citizenship for all members of the countries of the EU, creation of central banking system, further steps towards Europe being a single market and introduction the Euro.

Three more countries – Austria, Finland and Sweden – joined the EU in 1995, bringing its membership to 15. But Norway hasn't become a member of the EU yet, despite the fact that it could twice become the member of the EU, but opted to decline following referendums.

Moreover, the EU was closed to the enlargement for 9 years and the aim for this was achieving the deep integration within these 15 countries and increase EU economic sphere. By then, Europe was facing the growing challenges of globalization.

Today, more than 440 million citizens from 27 Member States enjoy the benefits of European cooperation. And 25 years after the roadmap towards the euro was agreed, the euro has become the world's second most traded currency and is part of the daily life of 340 million citizens in 19 countries.

Thus, we explored the stages of formation of the EU – one of the most important partners of Ukraine and the world. As we can see, the stages of its formation were quite difficult and began with some industries, gradually penetrating into others.

At the present moment the EU is regulated by the two principal treaties: Treaty on European Union (TEU; Maastricht Treaty, effective since 1993) and the Treaty on the Functioning of the European Union (TFEU). The Lisbon Treaty also made the Charter of Fundamental Rights legally binding, though it remains a separate document.

There was an attempt to adopt the Constitutional Treaty – the highest level of integration. In 2003, the EU produced a draft Constitutional Treaty designed to replace all the existing treaties as the sole legal document governing the operation of the EU. The Constitutional Treaty merges the three "pillars" although special procedures are maintained in the fields of foreign policy, security and defence.

The Treaty was signed in October 2004 by representatives of 25 member states of the EU. Later it was ratified by 18 states. However, following votes against it in referendums in France and the Netherlands, in 2005 the process was stopped and in other countries referendums were cancelled (Table 1).

This table shows the share of the world in exports and imports of goods in 2018. We can see that in 2018 the world's largest exporters of goods were China and the EU in the current 27 countries. The United States exported slightly less (11 %), and the following countries significantly less – Japan 3 times less than the EU and China. Among the largest importers of finished products are the United States (16 %), the EU (14 %) and China (13 %). In other words, we see that the EU is firmly in a strong position in world trade, competing with China and the United States.

In the next table we will present the main trading partners of the EU for exports and imports in 2019 (Table 2).

This table presents the EU's main trading partners in 2019 in the world. Thus, the main exporters of the EU products were the United States (18 %) and the United Kingdom (15 %). As for the United Kingdom, it should be noted that at that time it was still a member of the EU, i.e. trade relations were stronger than with other countries, which

Table 1. *Shares in the World Market for Exports and Imports of Goods, 2018*

Country	Shares for exports	Shares for imports
China	15 %	13 %
EU-27	15 %	14 %
United States	11 %	16 %
Japan	5 %	5 %
South Korea	4 %	3 %
United Kingdom	3 %	4 %
Rest of the world	46 %	46 %

Source: Eurostat

Table 2. *Main Trading Partners of the EU-27 for Exports and Imports of Goods in 2019*

Country	Partners for exports	Partners for imports
United States	18 %	12 %
United Kingdom	15 %	10 %
China	9 %	19 %
Switzerland	7 %	6 %
Russia	4 %	7 %
Turkey	3 %	4 %
Japan	3 %	3 %
Rest of the world	41 %	39 %

Source: Eurostat

explains such a large figure. China (9%) and Switzerland (7%) are also among the main importers of the EU products. The Russian Federation is characterized by lower indicators – 4% and Turkey with Japan – 3% each. From this we see that the main countries to which the EU exported its products were not only the surrounding countries (the UK and Switzerland), but also countries from other continents and parts of the world – the USA, China, Japan, etc., which is an important indicator of the global role of the EU.

Among the countries from which the EU imported products are China (19%, which is 10% more than imports to China from the EU), the United States (12%) and the United Kingdom (10%). The figures for other countries do not differ much from the previous ones except for the Russian Federation (imports into the EU from Russia are 3% higher than exports). In general, it can be concluded that the EU imports more from the region of developing countries than they buy in the EU, which is explained by the pricing policy of these countries.

Table 3 shows the EU countries and their share in foreign trade outside the EU in 2019.

This table shows that the country with the largest share of both exports and imports is Germany (30% of exports and 21% of imports). Germany is considered the locomotive of the EU's economic development, which is confirmed by these data. In exports, the second place is occupied by France (12%), followed by Italy (11%) and the Netherlands (10%). Slightly smaller positions are in Belgium (7%), Spain (6%) and Ireland (4%). The share of other countries alone is insignificant and in total is less than the share of Germany alone. Germany also remains the leader in imports, but the Netherlands is in second place, with imports 8% higher than exports. This can be explained by the fact that the Netherlands is a small kingdom that does not have much industry and has to buy products from abroad. The share of France itself is not too small in imports – 11%. Belgium and Spain import more (both countries 8% each) and Poland is a significant importer rather than an exporter.

Thus, we see that the EU has an important place in the world at this time, has achieved its goal and competing with the main economically powerful systems – the United States, China and Japan. These countries are not only competitors but also major partners in international trade with each other.

Since the authors of the research represent the Ukrainian side, Ukrainian-European relations should be considered, because Ukraine's path to the EU is quite problematic and contradictory.

Ukraine's integration processes are an important aspect of its current functioning and justify the current state of geopolitics. Focus on European integration is the main driver of economic, political and social development of our country. Ukraine's main priority at this time is to reach the appropriate level for full membership in the European Union. Historically, relations between Ukraine and the EU can be represented in the following stages in Table 4.

Thus, we see that from the very beginning of its independence, Ukraine has been moving towards joining the EU, and attempts to change this course have led to an armed conflict in the country.

At present, the EU is a strategic partner of Ukraine in foreign trade. Thus, according to Eurostat, statistics on trade in goods of the EU and Ukraine for 2013 – 2018 are provided. The data in Table 2 show trade in products between the 28 EU countries (28 countries were still members at the time) and Ukraine in millions of euros.

Table 5 shows that the volume of EU trade with Ukraine has been growing every year since 2015. From 2013 to 2015, there was a significant decline in trade, which can be explained by the aggravation of the political situation in Ukraine. At present, there is a sufficient increase in imports to the EU from Ukraine, which has a positive impact on the economy of our country, because the main partner of Ukraine in foreign trade for a long time remained the Russian Federation. We are currently building new ties with developed EU countries and increasing sales. It should be noted that the difference between exports to Ukraine and imports from it decreased significantly from 10 million euros in 2013 to 4 million euros in 2018. That is, imports from our country are developing faster than before, which is characterized by a positive side Ukrainian producer, quality of its products and competitiveness.

In 2018, Ukraine mainly exported base metals and articles thereof

Table 3. *Extra EU-27 Trade in Goods in 2019*

Country	Exports	Imports
Germany	30%	21%
France	12%	11%
Italy	11%	9%
The Netherlands	10%	18%
Belgium	7%	8%
Spain	6%	8%
Ireland	4%	
Poland		4%
Other EU Member States	21%	39%

Source: Eurostat

Table 4. *Stages of the Ukraine and the EU Relations*

№	Year	Characteristic
1	December 1991	The Minister of Foreign Affairs of the Netherlands, who held the EU presidency at the time, recognized Ukraine's independence.
2	July 1993	Ukraine announced for the first time its orientation towards European integration in the Resolution of the Verkhovna Rada of Ukraine "Main Directions of Ukraine's Foreign Policy".
3	November 2002	Resolution of the Verkhovna Rada of Ukraine "On Parliamentary Hearings on Cooperation between Ukraine and the EU".
4	February 2007	Declaration of the Verkhovna Rada of Ukraine on the start of negotiations on a new agreement between Ukraine and the EU.
5	July 2010	Adoption of the Law "On the Fundamentals of Domestic and Foreign Policy", where an important element of Ukraine's foreign policy is to ensure its integration into the European political, economic and legal sphere in order to obtain EU membership.
6	May 2011	Resolution of the Verkhovna Rada of Ukraine "On the recommendations of parliamentary hearings on the topic: On the state and prospects of economic relations between Ukraine and the EU and the Customs Union".
7	November 2013	The refusal of the President of Ukraine to sign the Association with the EU provoked mass protests, which resulted in the formation of "Euromaidan".
8	March 2014	The Verkhovna Rada of Ukraine adopted the Resolution "On reaffirming Ukraine's course towards EU integration and priority measures in this direction.
9	2014	Signing and ratification of the Association Agreement between Ukraine and the EU.
10	June 2017	Visa-free regime for citizens of Ukraine began to operate

** The table is based on the material of Representation of Ukraine to the European Unions.*

Table 5. *Foreign Trade in Goods Between the EU-28 and Ukraine, in 2013–2018, Million Euros*

Year	2013	2014	2015	2016	2017	2018
Export EU	23.899	16.995	14.033	16.568	20.194	22.065
Import EU	13.882	13.734	12.844	13.182	16.683	18.019
Balance	10.017	3.262	1.190	3.386	3.511	4.046
Total	37.781	30.729	26.877	29.749	36.877	40.085

Source: Eurostat

(21.9 % of total), vegetable products (18.9 %), mineral products (15.0 %), machinery and appliances (11.8 %). Ukraine's export profile is now more diversified than a decade ago when 70 % of exports consisted on vegetable products, base metals and mineral products. Today, other categories such as animal products, foodstuff and machinery products, feature much more prominently on the export list. Footwear and articles of stone, although still relatively low have seen exports increasing by more than 50 % over the last 10 years (Ukraine and the EU).

Table 6 presents the EU support of Ukraine in post-Maidan period.

As can be seen from Table 6, the EU allocates a lot of money to support Ukraine. During the 5 years from 2014 to 2019, the EU budget provided assistance in the amount of 6461.5 million euros, which is quite a large figure. Realizing that by defending its right to choose the path of integration, Ukraine has been hit by the Russian Federation

Table 6. *The Volume of Post-Maidan Support of Ukraine*

Source	Amount of money (million Euro)
1. European Union Budget (2014–2019)	6461.5
1.1. Overall development assistance 2014–2019	1472.2
1.2. Foreign policy instrument	246.5
1.3. Other support from the EU budget	332.8
1.4. Macro financial assistance (concessional loans)	4410
2. European Financial Institutions	8600
2.1. European Investment Bank (2014–2016)	4600
2.2. European Bank for Reconstruction and Development (for five years)	4000
Total:	**15061.5**

Source: Ukraine and the EU. URL: https://eeas.europa.eu/headquarters/headquarters-homepage/1937/node/1937_pl

and has lost its important economic and trade partner, and it takes time to improve its economic performance, the EU is helping. Through the European Financial Institutions, Ukraine received assistance in the amount of EUR 8.600 million during the period. This is provided in the form of grants, microcredits and other assistance to entrepreneurs, which provides an opportunity to support and develop small and medium-sized businesses and further develop large ones.

Results and Discussion

In general, the evolutionary development of relations between Ukraine and the EU has been ambiguous, but at present integration intentions are documented and supported by the actions of both political power and its citizens. Currently, the EU is a major partner in many areas of our state and shapes its socio-economic development.

From the abovementioned, we see that the EU has a long history of development, which is quite complex in terms of legal regulation of the functioning of the community. In January 2020, there was an unprecedented case – the UK withdrew from the EU. At present, it is the only EU member state that has left the community. Nevertheless, according to statistics, the EU has a significant place in the world as a trading partner of many developed and developing countries. For Ukraine today, the EU is becoming a strategic external partner, because we have chosen the integration path of development and intend to become a full member of the EU.

Future Research

Unresolved issues remain regarding the socio-economic development of the EU, forecasts of its further development and the main problems within the group. Possible obstacles to Ukraine's full integration into the EU and the consequences of such unification need further analysis. It is important to study the main economic and political problems in Ukraine that hinder the acquisition of the EU candidate status. All these issues will be considered in further studies by the authors.

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Дєліні М. М., Суханова А. В.

Еволюційний аспект і сучасний стан розвитку Європейського Союзу

У статті розглядається еволюційний аспект становлення Європейського Союзу (ЄС) через етапи його створення та розвитку, основні чинники його появи. Досліджено сучасний стан ЄС, його економічні процеси та основні торговельні партнери. Особливу увагу приділено розвитку українсько-європейських відносин як в плані інтеграційних, так і економічних.

Ключові слова: інтеграція, економічна інтеграція, Європейський Союз, країни-члени ЄС, експорт, імпорт, безвізовий режим.