

SOCIO-ECONOMIC DEVELOPMENT OF UKRAINE IN THE GLOBALIZED WORLD

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Abstract. Since *economics* is the study of how a society organizes its money, trade, and industry, *the social question* is at the heart of this science. *The objective of the paper* is to substantiate the vital necessity of improving the economic and social indicators of Ukraine by implementing social, industrial, foreign trade policies so that the economy is restructured, the domestic production and consumption are developed, the national technological value-added chains are managed, the exports of higher-value-added goods are intensified and diversified to ensure sustainable development of the state where people and their rights are placed at the center of the national economy system functioning. *Methodology.* The data, taken from the official site of the State Statistics Service of Ukraine, served as the information source for using various methods, e.g.: mathematical, statistical, etc., which resulted in the analysis of the social and economic indicators of the economy of Ukraine, as well as its foreign trade: GDP, population, unemployment rate, average monthly nominal wages, merchandise exports by product, dynamics of exports of goods to main trading partners, etc. *Results.* The indicators examination allows to conclude that some progress has been made during the period of 2016–2021, compared with that of 2010–2015 in terms of socio-economic and foreign trade development of Ukraine which can be explained by entry into force of the DCFTA; nevertheless, the social issue needs to be confronted by the Ukrainian government: the elaboration and implementation of the industrial and trade policies, as well as the social policy in compliance with the EU standards, will contribute to greater efficiency of Ukraine in the globalized world and eventually eliminate the main cause of the problem: deindustrialization of highly open, financially & technologically dependent economy. *Practical implications.* It's substantiated that the system of taxes and subsidies, tariff and non-tariff instruments should be aimed at the rebuilding of domestic manufacturing capacity in order to reduce poverty, to create well-paying jobs, to enhance the quality aspects of the labor force. *Value/originality.* The country is to improve the socio-economic situation by creating conditions for introducing and managing the national technological value-added chains, as well as diversifying and intensifying exports of goods with higher value added.

Key words: social and economic indicators, social policy, industrial policy, foreign trade policy, government, national technological value-added chains, diversification and intensification of trade flows, exports of goods with higher value added, economy of Ukraine.

JEL Classification: A13, H10, I30, J60, F10

1. Introduction

Economics is the study, the ultimate goal of which is to improve the living conditions of people in their everyday lives. Etymologically, “economics” is from the Greek words οἶκος, meaning “family, household, estate, etc.” and νόμος, or “management, custom, law” and hence literally means “household management”, “state governance”, etc. The Oxford dictionary suggests that *economics* is the study of the production, distribution, and consumption of resources, and the management

of state income and expenditure (Economics, 2023). In the context of this research, the simplest and the most accurate definition of the term would be “*the study of how a society organizes its money, trade, and industry*”.

It is certainly true that *humans are responsible for organising the life on the planet* according to some rules, and that the joint and separate actions, being integral part of human and/or country relations, serve as the fundamental principle and the basis of any economic

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system functioning, where the correctly organized division of labour plays its key role in keeping the systems in balance. However, the rising inequalities and imbalances have put the global economy system at risk where the increase in inequality within countries, as well as between nations are interrelated and make the hyper-globalized world economy most fragile by historical standards.

Nevertheless, *improving the quality of life of the masses should be the prime objective of all policymakers of developed, as well as developing economies* (Tahir et al., 2022). Still, wealthier nations that specialize in high-value-added trade grab a larger share of global economic growth. The industries of established economies have successfully leveraged the removal of trade barriers to reduce their costs and penetrate new markets with the help of global rules and trade deals designed in their favor. Most of the world's largest companies and intellectual property owners are entities from developed countries, and the accumulation of their profits – protected by globally enforced intellectual property rights regimes – has sustained existing income and wealth disparities. Developing countries participate in global value chains at earlier stages, with increasingly limited opportunities to use their labor cost advantage to balance their technological disadvantage or move toward forward linkages and higher-value-added trade. As global value chains become more knowledge intensive, it is ever-more difficult for developing economies with limited access to a skilled workforce and other relevant capabilities to retain a market share (Zia Qureshi, 2023). *Clearly, social, technological, economic progress are intertwined, and shaped by the government policies.*

The analysis of the latest publications demonstrates that nowadays economic studies are focused on a broad spectrum of social problems which are brought up by researchers from all corners of the world (The social question, 2019). And it is not surprising since in general, man can achieve complete fulfilment of his aspirations only within a just social order, and it is consequently of cardinal importance to accelerate social and economic progress everywhere, thus contributing to international peace and solidarity. It is important to emphasize that *international peace and security, on the one hand, and social progress and economic development, on the other, are closely interdependent and influence each other* (Declaration on Social Progress, 1969). So, for instance, African scholars from Mauritius, Verena Tandrayen-Ragoobur and Jason Narsoo, in their joint research highlight that investment in early education and health help in achieving higher economic growth (Tandrayen-Ragoobur & Narsoo, 2022), while Dr. Sisay Demissew Beyene focuses on the relationship between human capital development, ecosystem vitality, and the economic growth of 38 African countries (Beyene, 2023).

Another vivid example is the conference, entitled “Growth and the ‘Social Frage’”, which is to be held in Germany, the EU founding member, in September 2023. This bright event will also commemorate the 150th anniversary of The Verein für Socialpolitik, German economic association. This association was founded in 1873 in the context of the intellectual debate about the “Social Question”: during the same period, the economies of Germany, Austria, Switzerland experienced an unprecedented growth trajectory: despite crises, wars, institutional breaks, real incomes per capita increased more than tenfold (Growth and the ‘Sociale Frage’, 2023). The Verein für Socialpolitik has since developed into the largest professional association of economists in the German-speaking countries, which is of about 4.000 economists from over 20 countries, and is one of the largest and oldest associations of economists in the world (Verein für Socialpolitik, 2023).

The objective of the paper is to substantiate the vital necessity of improving the economic and social indicators of Ukraine by implementing social, industrial, trade policies so that the economy is restructured, the domestic production and consumption are developed, the national technological value-added chains are managed, the exports of goods with higher-value-added are intensified and diversified to ensure sustainable development of the state where people and their rights are placed at the center of the national economy system functioning.

2. Social and Economic Indicators as the Ultimate Criteria for Assessing the Development of Ukraine

The goal of this section is to examine the basic economic and social indicators of Ukraine's development, to arrive at the conclusion on the country's socio-economic progress, to identify challenges, as well as to throw light on some possible causes of the identified problems with the purpose of coming up with recommendations and solutions.

The research covers the timeframe of 2010-2021, which is split in two periods – 2010-2015 and 2016-2021 for comparison. The two six-year periods are chosen for investigation because of crises at the global and regional levels of the world economy system which both influenced the socio-economic development of Ukraine. The first period comprises the years of 2010-2015. In 2010, after the 2008-2009 Global Financial Crisis, the world economy, as well as the Ukrainian economy, began to stabilize. Following the recession, the G20 committed to fundamental reform of the global financial system, given the significant economic and social damage that it caused. The objectives were to correct the fault lines that led to the crisis and to build safer, more resilient sources

of finance to better the needs of the real economy. The G20 called on the Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system, to develop and coordinate a comprehensive framework for global regulation and oversight of what is now a global financial system (The Financial Stability Board, 2022).

Unfortunately, Ukraine turned out to be particularly vulnerable to the 2008-2009 crisis compared to many other countries: *the main channels through which the recession reshaped the socio-economic indicators were foreign trade and capital outflows*. There occurred a sharp fall in private capital inflows, then the FDI inflows decreased which reflected a generally lower propensity to invest in real productive capacity, while before the crisis Ukraine had seen enormous gross and net inflows of capital, largely attracted by interest rate differentials. The situation led eventually to the loss of international competitiveness of the Ukrainian producers, to extreme financial fragility, mounting domestic and external indebtedness, currency mismatches between debt and income. Indeed, fall in the Ukrainian hryvna exchange rate as the instrument for increasing price competitiveness of the Ukrainian exports worsens the terms of trade and results in macroeconomic misbalances creating various problems for the national economy functioning (e.g., debts repayments).

The second period of analysis starts with 2016: the EU-Ukraine Deep and Comprehensive Free Trade Agreement (DCFTA) has been applied since January 2016, and the FTA between Ukraine and Russia has been terminated since January 2016, that is why the second period embraces 2016-2021. As it has already been mentioned, the Global Financial Crisis of 2008-2009 challenged the national economy, but the geopolitical conflict of 2014 brought about much more

difficult time for the whole country. Russia's trade wars, an embargo on agricultural products, the termination of FTA hit the Ukrainian economy hard, led to the sharp decrease in bilateral trade, the significant decline in the volume of deliveries of Ukraine's main export commodities, among them the goods with higher-value-added. The conflict with Russia also hindered the country's transport and transit potentials, preventing trade with neighboring states (Sardak, 2019).

Taking into account the above mentioned, let's analyze some social and economic indicators of Ukraine's development under the impact of the mentioned crises and compare the results for 2010-2015 and 2016-2021 (Tables 1, 2). The calculations demonstrate that Ukraine's GDP recorded 35.84% decline from 141.2 bln USD to 90.6 bln USD during 2010-2015, while during 2016-2021 GDP increased 2.14 times from 93.3 bln USD to 200 bln USD. Therefore, GDP of Ukraine grew by 41.84% or 58.8 bln USD during 2010-2021. *The research results show that Ukraine has become a country of increasing depopulation: during 2010-2015 Ukraine's population declined by 6.74% from 46 mln to 42,9 mln, so the country lost 3,1 mln, while during 2016-2021 the population of the state decreased by 2.8% from 42,8 to 41,6 mln, so Ukraine lost 1,2 mln. Thus, the population of Ukraine reduced by 9.57% or 4.4 mln from 46 mln in 2010 to 41,6 mln in 2021.*

As tables 1 and 2 indicate, *the unemployment rate in Ukraine rose from 8.1% to 9.5% during 2010-2015, and it further increased from 9.7% to 9.9% during 2016-2021*. So, during 2010-2021 the unemployment rate in Ukraine grew by 1.8% from 8.1% to 9.9%. The study illustrates that *the average monthly nominal wages in Ukraine reduced by 31.91% or 90 USD from 282 USD to 192 USD during 2010-2015, while during 2016-2021 the average monthly nominal wages increased 2.53 times or grew by 311 USD from 203 USD to*

Table 1
Economic and social indicators of Ukraine's development, 2010-2015

	2010	2011	2012	2013	2014	2015
GDP, UAH, bln	1120,6	1349,2	1459,1	1522,7	1586,9	1979,5
GDP, USD, bln	141,212	169,336	182,593	190,504	133,502	90,617
Population, mln (as of January)	46,0	45,8	45,6	45,6	45,4	42,9**
Average monthly nominal salary, UAH	2239	2633	3026	3265	3480	4195
Average monthly nominal salary, USD	282,146	330,463	378,676	408,482	292,764	192,037
Exchange rate (for the period) UAH for 100 USD*, UAH	793,56	796,76	799,10	799,30	1188,67	2184,47
Unemployment rate, percentage of economically active population, %.	8,1	7,9	7,5	7,7	9,7	9,5
Consumer price index (December to December of the previous year), %.	109,4	104,6	99,8	100,5	124,9	143,3
Industrial Producer Price Index (December to December of the previous year), %.	118,7	114,2	100,3	101,7	131,8	125,4

Source: author's calculations based on the State Statistics Service of Ukraine database. <https://ukrstat.gov.ua> [Ukraine in Figures. Statistical Publication. State Statistics Service of Ukraine 2016-2021; *National Bank of Ukraine. The official exchange rate (average for the year) for 100 USD. Average official exchange rates of the National Bank of Ukraine; ** excluding the temporary occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol]

Table 2

Economic and social indicators of Ukraine's development, 2016-2021

	2016	2017	2018	2019	2020	2021
GDP, UAH, bln	2383.182	2982.920	3558.706	3974.564	4194.102	5459.574
GDP, USD, bln	93.270	112.154	130.832	153.781	155.582	200.090
Population, mln (as of January; excluding the temporary occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol)	42.8	42.6	42.4	42.2	41.9	41.6
Average monthly nominal salary, UAH	5183	7104	8865	10497	11591	14014
Average monthly nominal salary, USD	202.847	267.102	325.913	406.143	429.933	513.521
Exchange rate (for the period) UAH for 100 USD* , UAH	2555.13	2659.66	2720.05	2584.56	2696.0	2729.0
Nominal wages as percentage of GDP, %	36.6	39.2	41.8	43.6	43.7	36.7
Unemployment rate , percentage of economically active population, %	9.7	9.9	9.1	8.6	9.5	9.9
Consumer price index (December to December of the previous year), %	113.9	114.4	110.9	107.9	102.7	109.4
Industrial Producer Price Index (December to December of the previous year), %	120.5	126.4	117.4	104.1	98.4	140.8

Source: author's calculations based on the State Statistics Service of Ukraine database. <https://ukrstat.gov.ua> [Ukraine in Figures. Statistical Publication. State Statistics Service of Ukraine 2016-2021; *National Bank of Ukraine. The official exchange rate (average for the year) for 100 USD. Average official exchange rates of the National Bank of Ukraine]

514 USD. Consequently, the average monthly nominal wages in Ukraine increased by 82.27% or 232 USD from 282 USD in 2010 to 514 USD in 2021.

Since the national economy is highly-open, deindustrialized, with the growing gross external debt (e.g., the fourth-largest debtor of the IMF), thus deeply-integrated into the world economy, unprotected, financially insecure and vulnerable, the country could not avoid the impact of those crises (Radziyevska, 2023a). It is essential to admit that the existing economic model of the state is based on the adaptation of domestic industries to the trends in world commodity markets (Zveryakov, 2022), where the large private rent-seeking businesses export raw materials. Apparently, the market-oriented reforms created challenges for the economy: it is logical to agree with the Corresponding Member of the National Academy of Sciences of Ukraine, Prof. Olena Borodina that the purpose of land reform cannot be primitivized to a simple division of land into plots for transfer to private ownership based on free market turnover. Guaranteeing basic human rights and achieving public welfare from a land reform are achieved not only via obtaining land in private ownership, but also via supporting these acts with a fair distribution of control over the production process. Imposing on society a pseudo-scientific concept that land is a commodity that, like an apartment, mobile phone or bag of feed, can be freely bought and sold on market at open auctions, which will consolidate the country's economic power would inevitably lead to even greater income polarization, violation of basic human rights and, consequently, to social confrontations and significant social upheavals (Borodina, 2021).

According to Prof. Mykhailo Zveryakov, the current economic model of Ukraine ensures economic "growth without development" and leads to the complete deindustrialization (Zveryakov, 2022). Moreover, the country has been following the same trade and industry patterns for quite a long time – Ukraine has been using the cost leadership strategy as opposed to the differentiation strategy, which would contribute to its economic and social progress. The cost leadership strategy is aimed at winning the market share by appealing to price-sensitive customers which is achieved primarily by offering the lowest prices in the target market segment.

In this regard, Ukrainian scholar Dr. Yevhen Ivanov in his monograph reveals the correlation between the average dynamics of world prices for minerals, ores and metals, and the growth rates of Ukraine's GDP for the period of 2008-2020, and emphasizes that it reaches 0,775 (Ivanov, 2021). Additionally, the Corresponding Member of the National Academy of Sciences of Ukraine, Prof. Mykhailo Zveryakov analyzes the structure of domestic GDP and stresses that domestic consumption has not yet become a driver of economic development (Zveryakov, 2022).

The soundness of the above mentioned points can be illustrated by the in-depth analysis of the Ukraine's merchandise exports by product groups for 2016-2021 (Figures 1, 2). The results specify that Ukraine's top exports are "II. Plant products" and "III. Animal or plant fats and oils" (Figure 1), as well as "XV. Base metals and preparations thereof" and "V. Mineral products" (Figure 2). During 2016-2021 the share of "II. Plant products" slightly increased from 22.3% of all Ukraine's merchandise exports or 8093,7 mln USD in

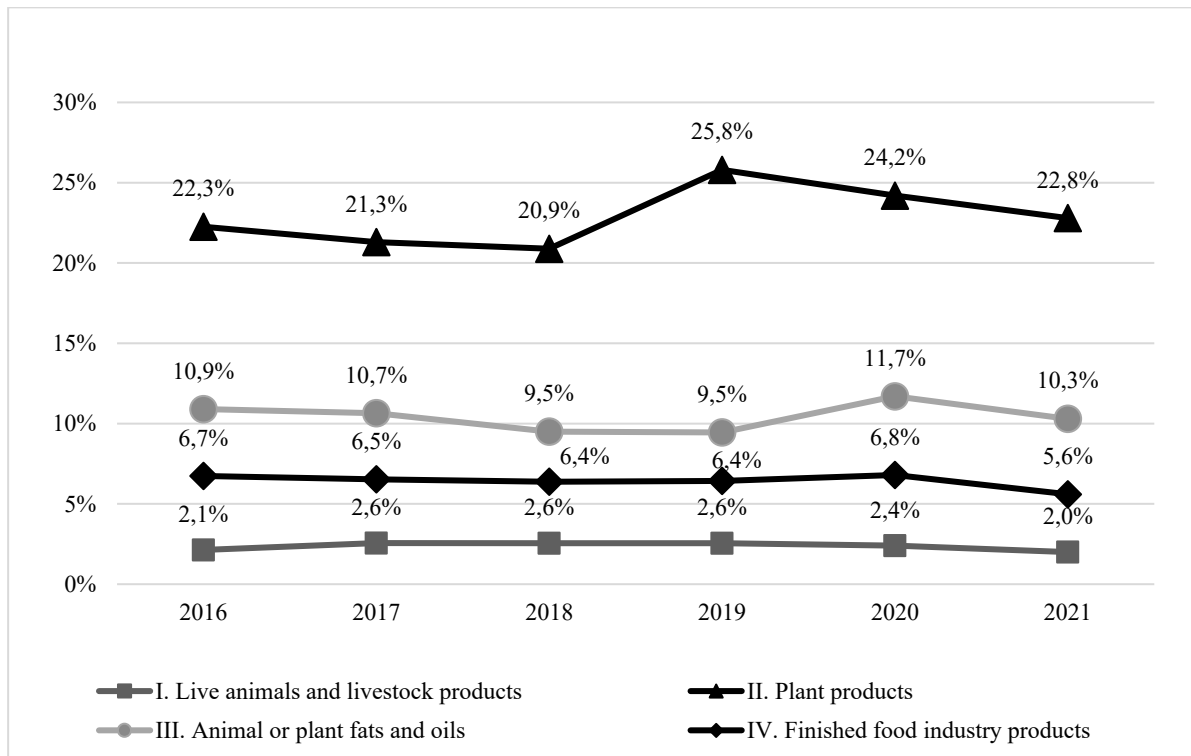


Figure 1. Dynamics of exports of goods by commodity groups I-IV in total exports of goods of Ukraine, %, 2016-2021

2016 to 22.8% or 15538,0 mln USD in 2021 (positive percentage trend $y = 0.466x + 21.244$). It is important to clarify that the product type “10. Cereals” which is raw material and is within the range between 15-20% of total Ukraine’s goods exports during 2016-2021 belongs to this product group – “II. Plant products” (Figure 1). Then, the share of raw material product group “III. Animal or plant fats and oils” fluctuates within 9-12% of all Ukraine’s products exports and is also characterized by the positive percentage trend ($y = 0.0029x + 10.407$), starting with 10.9% or 3963,0 mln USD in 2016 and finishing with 10.3% or 7037,2 mln USD in 2021 respectively (Figure 1).

Figure 2 demonstrates that the share of “XV. Base metals and preparations thereof” has the negative percentage trend $y = -0.464x + 23.841$ for 2016-2021: it changed from 22.9% of all Ukraine’s merchandise exports (or 8338,9 mln USD) in 2016 to 23.5% of total Ukraine’s goods exports (or 15991,0 mln USD) in 2021 respectively. However, it’s essential to mention that the product type “72. Ferrous metals”, raw material, which belongs to this product group, is within the range between 15-23% of total commodity exports of Ukraine during 2016-2021 (Figure 2). The percentage of the raw material group “V. Mineral products” grew from 7,5% or 2728,8 mln USD in 2016 to 12,4% or 8414,4 mln USD in 2021 (percentage trend is $y = 0.86x + 6.7733$), where the product type “26. Ores, slag and ashes” forms the lion share. Hence, huge private firms, located in Ukraine, ‘take advantage’ of low prices and cheap labor, they

focus on lowering quota of depreciation in production costs, etc.; so, domestic companies stick to overall minimization of all the possible costs, including those for R&D, innovation, technological modernization, etc., which, of course, logically finds its reflection in unsatisfactory socio-economic development of the country.

To improve the situation, the systems of taxes and subsidies, tariff and non-tariff regulations are to be reviewed by the government to promote growth and development of the state and to build the competitiveness on the national and international levels. To achieve the practical results the industrial policy and the trade policy are to be elaborated and implemented where the focus is put on rebuilding domestic manufacturing capacity to reduce poverty, create jobs, enhance competitive edge in R&D, increase productivity growth, introduce and manage the national technological value-added chains.

The figures speak for themselves, e.g.: the share of industrial product group “XVI. Machines, equipment and mechanisms, electric and technical equipment” declined from 10,0% (3637,9 mln USD) in 2016 to 7,7% (5260,2 mln USD) in 2021, the negative percentage trend is $y = -0.4223x + 10.718$ (Figure 2). Similarly, the second examined industrial commodity group “XVII. Ground, air and water transport facilities” also experienced fall in exports: from 1,53% to 1,0% of all Ukraine’s goods exports. Prof. M. Zveryakov states that “since today the world economy has entered a phase

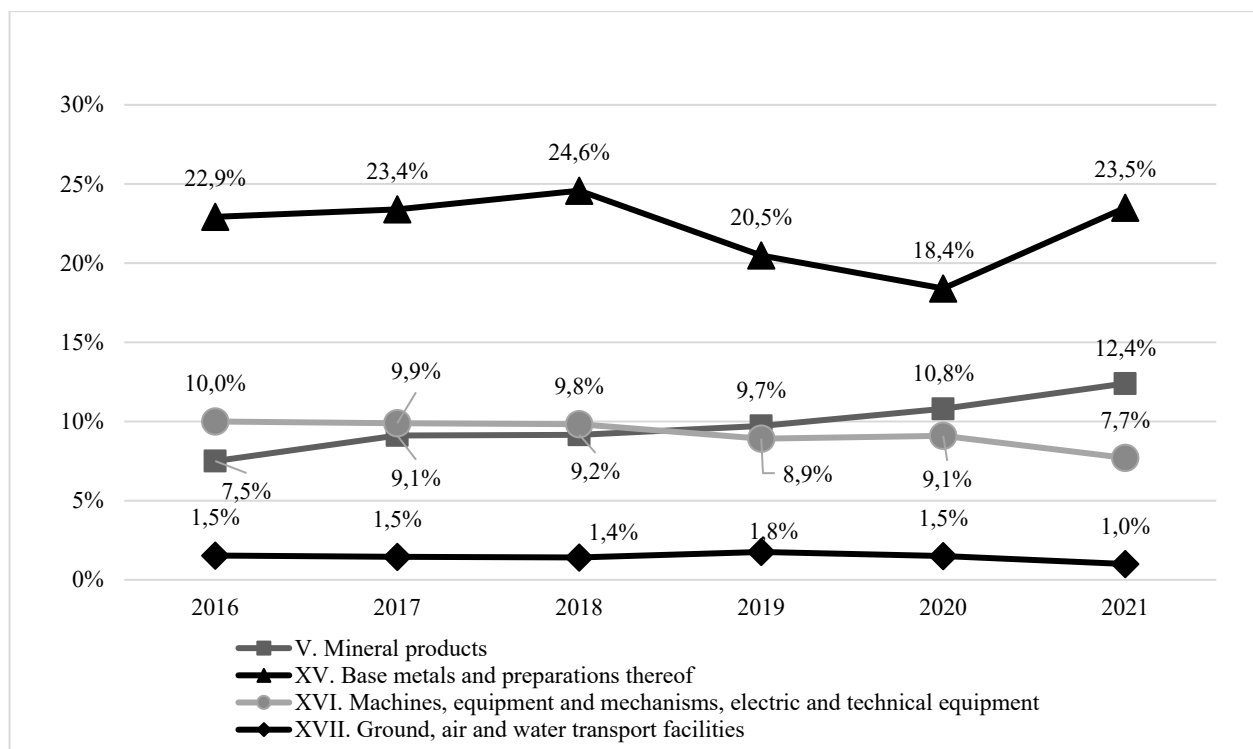


Figure 2. Dynamics of exports of goods by commodity groups V, XV, XVI, XVII in total exports of goods of Ukraine, %, 2016-2021

of global localization of production, the national development strategy of our country should also focus on creating conditions for the formation of the national technological value-added chains. It is necessary to increase a rate of capital accumulation, create new sub-sectors, new added value” (Zveryakov, 2022).

Of particular interest in this respect is the joint research on coming up with the optimal policy in the face of global supply chain disruptions, done by G.M. Grossman, E. Helpman & H. Lhuillier (2021), where the famous scientists from the American perspective propose a bare-bones framework that can aid with evaluating policy that influences the organization of supply chains. Their framework puts supply shortages front and center. The researchers abstract from all complexity in the production process by assuming that each firm manufactures a differentiated variety of some good using a single, critical input. If the supply chain operates smoothly, the firm produces one unit of its variety from one unit of the customized input. But exogenous shocks may disrupt supplier-buyer relationships. They allow for two types of shocks, those that idiosyncratically sever a single chain and those that impede all supply from a particular source country. Each firm may establish a relationship with a potential supplier in a low-cost but riskier foreign country, in a higher-cost but safer home location, or in both. To form a relationship with some supplier, the firm incurs a fixed cost. A firm can invest in resilience by avoiding the riskier foreign supply or, even more so, by diversifying its supply

base by establishing relationships in both countries. In equilibrium, there are four possible states of the aggregate economy: supply chains may be operative only with home suppliers, only with foreign suppliers, with neither, or with both. The fixed mass of final producers chooses among four strategies: invest in a single supply relationship domestically, invest in a single relationship abroad, diversify, or exit. Their collective choices determine equilibrium prices, equilibrium variety, profits, surplus and (with fiscal policies in place) government revenues in each state of the world. Using these state-contingent aggregate outcomes, they calculate expected welfare under different policy regimes (Grossman, Helpman & Lhuillier, 2021).

Importantly and specifically, Prof. Andriy Grytsenko provides the general insights into how Ukraine should respond to global economic shifts. The Academician of the National Academy of Sciences of Ukraine substantiates urgency of introducing the nationally rooted economic development of Ukraine and explains that the ongoing transition from the industrial-market to the information-network economy naturally leads to an increase in the unevenness of socio-economic development, exacerbates its contradictions, and gives rise to conflicts and wars. In such conditions, there is a need, in order to ensure the stability and security of economic development, to foster its national rooting by forming an extensive system of added value creation chains based on the use of domestic scientific and technical potential and processing of national raw

materials resources, which Ukraine is sufficiently rich in (Grytsenko, 2023).

The Ukrainian scientist suggests that a share of added value of national origin, created using the national resources, in the total value of consumed final products is to serve as a quantitative criterion of the national rootedness of economic development. Prof. Andriy Grytsenko arrives at the conclusion that the post-war reconstruction of Ukraine's economy, which will take place under fundamentally new starting conditions, opens space for the use of nationally rooted development strategy. Such a strategy is neither isolationism nor protectionism, but a combination of internal inclusiveness, which relies on the mobilization of all internal factors, physical and social capital as sources of economic growth, and external inclusiveness, aimed at using globalization to advance the interests of national socio-economic development (Grytsenko, 2023).

In summary, *the examined product groups I, II, III, IV, V, XV are raw materials and low-value-added commodities, their share in total Ukraine's goods exports has been growing: in 2016 it is 76,75% while in 2021 – already 80,7%. The analyzed industrial goods' share in 2016 is 11,53% of all Ukraine's commodity exports while in 2021 – 8,7% respectively. Firstly, Ukraine's top exports have become raw materials and low-value-added commodities as opposed to the industrial products; secondly, their share in all goods exports has been increasing; thirdly, the prices for raw materials on the world markets are subject to high volatility. Thus, it is clear that raw materials exports, characterized by high price volatility, hinder Ukraine's growth and development, and keep the national economy highly dependent on the world prices. So, this is one of the main reasons why Ukraine finds itself in the devastated socio-economic situation each time the crisis hits its economy.*

Consequently, the need for the formation of an economic model, which will envisage the path to a new industrialization, is evident. New industrialization should begin with setting up the industries that could continue the technological chains of commodities production and easily replace imports (Zveryakov, 2022).

Furthermore, Prof. Leonid Kistersky puts special emphasis on the fact that today human capital plays an increasingly important role in the global environment, education and science have become key elements in determining the quality aspects of the labor force. Prof. Leonid Kistersky underlies that the success of the "Marshall plan" and South Korea's reconstruction based on the development of high technologies are due not only to a high-quality project management structure, but also to the fostering of talented individuals and engaging them in the implementation of projects (Kistersky, 2023).

Overall, the examination of the indicators allows to conclude that socio-economic situation in Ukraine during 2016-2021 has slightly improved compared with that of 2010-2015; nevertheless, its enhancement needs to be put on the agenda by the government: the elaboration and implementation of the industrial and foreign trade policies will contribute to the national economy restructuring, to the development of domestic production and consumption, to greater efficiency which will eventually eliminate the main cause of the problem: deindustrialization of highly open, financially and technologically dependent economy. *Successful revision of taxes and subsidies, tariff and non-tariff instruments should be aimed at creating conditions for the formation of the national technological value-added chains and better foreign trade regulation, resulting in domestic producers protection on the Ukrainian market, their competitiveness enhancement on the world markets, as well as the growth of the national economy, the improvement of the well-being of the Ukrainian citizens.*

3. Ukraine as the Prospective Candidate for Accession to the European Union: Trade and Social Aspects

This part highlights trade and social aspects of Ukraine–EU relations, as well as focuses on the social policy of the EU, which Ukraine, as the prospective candidate for accession to the regional integration bloc, has to take into account and follow.

Firstly, the EU and Ukraine have provisionally applied an Association Agreement since November 2014. Secondly, as a part of this association agreement, DCFTA has been provisionally applied since January 2016. DCFTA reduces tariffs that European firms face when exporting to Ukraine. The agreement facilitates trade by making customs procedures more efficient and by gradual approximation of Ukrainian legislation, rules and procedures, including standards, to those of the EU. The EU is one of Ukraine's largest trading partners, which means that there are several opportunities to import and export from the EU to Ukraine, and vice versa. The key export goods are raw materials such as iron, steel, mining products, agricultural products, machinery and chemical products. The EU-Ukraine agreement improves the competitiveness of the European businesses in the Ukrainian market and vice versa. Overall, for trade in goods, the agreement eliminated the majority of tariffs – EU: 98.1% and Ukraine: 99.1% (EU-Ukraine Deep and Comprehensive Free Trade Area).

Thirdly, the signing of the Association Agreement between Ukraine and the EU was quite complicated. On March 21, 2014, in Brussels Ukraine and EU leaders signed the political part of the Agreement. On June 27, 2014, during the EU Council meeting the President of Ukraine and the EU leadership, as well

as the Heads of States and Governments of the EU Member States signed the economic part of the Agreement. On September 16, 2014, the Verkhovna Rada of Ukraine and the European Parliament simultaneously ratified the Association Agreement between Ukraine and the EU. Thus, the Ukrainian Side completed all binding domestic procedures for the Association Agreement to come into force. Finally, on September 1, 2017, all Member States finished the ratification process, and the Association Agreement between Ukraine and the EU entered into force in full (Ukraine-EU Association Agreement, 2021). The DCFTA offers Ukraine a framework for modernizing its trade relations and for economic development by the opening of markets via the progressive removal of customs tariffs and quotas, and by an extensive harmonization of laws, norms and regulations in various trade-related sectors, creating the conditions for aligning key sectors of the Ukrainian economy to the EU standards (The Deep and Comprehensive Free Trade Area, 2021).

Since the European Council granted Ukraine the status of a candidate for accession to the EU, our country should follow the example of the EU and focus on the respective documents for elaboration of the corresponding policies to be implemented in Ukraine. In this context it's obligatory to refer to the Article 3 of the Treaty on EU, according to which "The Union shall establish an internal market. It shall work for *the sustainable development of Europe based on balanced economic growth and price stability*, a highly competitive *social market economy*, aiming at *full employment and social progress*, and a high level of protection and improvement of *the quality of the environment*. It shall promote scientific and technological advance" (Consolidated version, 2012). The Union places the individual at the heart of its activities, by establishing the citizenship of the Union and by creating an area of freedom, security, and justice. Dignity, freedoms, equality, solidarity, citizens' rights, justice, protection are guaranteed according to the Charter of Fundamental Rights of the EU (Charter of Fundamental Rights, 2000). One more document, which is of high priority in this respect is "**The 20 principles of the European Pillar of Social Rights**", the beacon guiding the EU towards a strong social Europe that is fair, inclusive and full of opportunity. The Commission has already presented several actions based on each principle of the Pillar, with additional actions planned to further strengthen social rights in the EU (Employment, Social Affairs, & Inclusion).

As Prof. Valeriy Heyets, the Academician of the National Academy of Sciences of Ukraine, the Director of the Institute for Economics and Forecasting, underlines, the search for policy components and mechanisms for the post-war recovery and

reconstruction of Ukraine's economy is relevant even when hostilities are still ongoing, because the world experience and the current conditions in the global economy point to the need for an early rethinking of the expected so-called "new normality". For Ukraine, the latter has both endogenous and exogenous dimensions and in the post-war period will be largely determined – as regards population's life, the functioning of the state, the country's defense capabilities, and business activities – by the conditions of the Association Agreement between Ukraine and the EU (Heyets, 2023). Finally, the definition and implementation of the EU's policies and actions must take into account the following social requirements: the promotion of a high level of employment; the guarantee of adequate social protection; the fight against social exclusion; **a high level of education, training and protection of human health**. At the same time, **social policy is primarily the responsibility of EU countries** (Social policy, 2023). Thus, the social policy of Ukraine as the prospective candidate for the EU membership needs to be elaborated and implemented in compliance with the EU requirements.

4. Transformations of Exports' Flows for Ukraine's Social and Economic Progress

The section reveals transformations in Ukraine's exports of goods to twenty countries during the period of 2010 to 2021.

Taking into account that the share of exports of goods in all exports of goods and services of Ukraine has been increasing and it reached 84% in 2021 (Radziyevska, 2023a) while exports promotion is one of the key strategic tasks of the state, let's focus on the analysis of the dynamics of goods exports of Ukraine to 20 selected countries of America, Europe, Asia, and Africa during the timeframe of 2010 to 2021, which is split in two research periods: 2010-2015 and 2016-2021 for comparison. These two research periods are chosen because of geopolitical shifts on the global and regional levels of the world economy system, which resulted in the transformations in the directions and in the intensity of trade flows between countries and regions and influenced Ukraine's socio-economic development since Ukraine is highly integrated into the world economy, and dependent on the world prices for its raw-material exports.

The selected countries consume more than 50% of all Ukrainian products exports and are the main trading partners of Ukraine. Among them there are such large economies as the USA, Spain, Italy, Germany, Poland, China, India, Turkey, Israel, Egypt, etc. (Tables 3 and 4). Trend models allow to reveal the fact of increase or decrease in share/volume of commodity exports of Ukraine during the chosen research timeframes and to get the answer to the question

Table 3

Dynamics of goods exports of Ukraine, 2010-2015, bln USD

№	Country	2010	2011	2012	2013	2014	2015	Trend 2010-2015
	Total goods exports of Ukraine	50.74	67.59	67.78	62.31	53.90	38.13	y = -3132.5x + 67706
1.	Algeria	0.16	0.24	0.29	0.10	0.21	0.21	y = -1.6886x + 208.09
2.	Bangladesh	0.11	0.05	0.05	0.14	0.15	0.21	y = 25.249x + 30.013
3.	China	1.32	2.16	1.75	2.69	2.67	2.40	y = 225.68x + 1375
4.	Egypt	1.32	1.33	2.88	2.72	2.86	2.08	y = 234.87x + 1377.4
5.	Germany	1.47	1.72	1.60	1.55	1.59	1.33	y = -32.346x + 1655.8
6.	India	1.39	2.24	2.27	1.96	1.82	1.44	y = -37.614x + 1984
7.	Israel	0.47	0.50	0.79	0.70	0.59	0.60	y = 23.631x + 525.67
8.	Italy	2.40	3.03	2.46	2.34	2.47	1.98	y = -110.98x + 2832.5
9.	Libya	0.19	0.10	0.27	0.27	0.22	0.18	y = 8.2543x + 177.56
10.	Morocco	0.10	0.23	0.36	0.30	0.30	0.21	y = 19.2x + 183.2
11.	Netherlands	0.52	0.82	0.83	1.04	1.11	0.91	y = 85.88x + 568.85
12.	Pakistan	0.11	0.18	0.11	0.23	0.40	0.11	y = 21.754x + 115.66
13.	Philippines	0.03	0.01	0.01	0.08	0.06	0.11	y = 17.369x - 11.407
14.	Poland	1.79	2.79	2.57	2.55	2.64	1.98	y = 14.046x + 2336.8
15.	Saudi Arabia	0.64	0.81	0.93	0.78	1.03	0.76	y = 31.469x + 715.96
16.	Spain	0.40	0.96	1.53	0.98	1.17	1.04	y = 93.52x + 686.11
17.	Sweden	0.08	0.07	0.06	0.06	0.07	0.06	y = -2.7857x + 74.933
18.	Russian Federation	13.24	19.59	17.33	14.79	9.80	4.83	y = -2113.8x + 20660
19.	Turkey	2.99	3.69	3.62	3.75	3.56	2.77	y = -38.56x + 3533.5
20.	USA	0.79	1.09	0.97	0.86	0.67	0.48	y = -83.243x + 1101.8
	Σ	29.52	41.62	40.68	37.88	33.38	23.68	y = -1620.1x + 40131
	Percentage of total goods exports of Ukraine, %	58.17	61.57	60.02	60.79	61.92	62.12	y = 0.6163x + 58.608

Source: author's calculations based on the State Statistics Service of Ukraine database. <https://ukrstat.gov.ua>

of strengthening or weakening of the intensity and direction of merchandise trade flows to the chosen states of America, Europe, Asia, Africa and, accordingly, to consider the transformations in Ukraine's foreign trade relations during 2010-2021.

The trends of commodity exports share to the twenty trading partners of Ukraine during the period of 2010–2015 ($y = 0.6163x + 58.608$) and the period of 2016–2021 ($y = 0.1354x + 59.529$) may be characterized both as positive, highlighting the importance of the chosen partners for Ukraine's foreign trade. However, during 2010-2021 the above mentioned trend is negative ($y = -0.0039x + 60.409$), and the trend of the total volume of merchandise exports to the twenty countries for 2010–2021 is also negative ($y = -443.8x + 34832$).

Tables 3 and 4 indicate that the trend of the total volume of products exports to the twenty selected states during 2010-2015 is negative ($y = -1620.1x + 40131$) which changes to a positive one for the timeframe of 2016 to 2021 ($y = 3164.2x + 18359$). The examined trends illustrate the fact that the dynamics are negative during transformation times, but *some improvements are observed for 2016-2021 in comparison with 2010-2015*. The trend of total goods exports of Ukraine

for 2010-2015 is negative ($y = -3132.5x + 67706$), which is transformed into positive for 2016-2021 ($y = 5115.8x + 31141$).

The results of the analysis show that the role of the twenty countries as Ukraine's trading partners during 2016-2021 has been strengthened, which is especially applicable to China (trend $y = 1355.2x - 614.95$); Poland trend $y = 480.57x + 1647.6$); Turkey (trend $y = 299.59x + 1637.8$); Germany (trend $y = 238.3x + 1283.8$), and the Netherlands (trend $y = 198.83x + 1002.1$).

As tables 3 and 4 demonstrate, during 2010-2021 the trend of total commodity exports of Ukraine is $y = 2339.4x + 27930$, which in general may be assessed positively. Nevertheless, it should be mentioned that during the analyzed 12-year term Ukraine suffered the greatest decline in total goods exports in 2016 (36,361.7 mln USD) which actually started in 2013 (62,305.9) and finished only in 2021 (68,072.3). In 2010, the volume of products exports of Ukraine reached 50,744.3 mln USD, and in 2021 – 68,072.3 mln USD, i.e. increased 1.34 times.

During 2010-2021, out of 20 states to which Ukraine in 2010 exported 58.17% of its total goods exports and in 2021 – 60.54% respectively, the negative trends in merchandise exports for the whole timeframe

Table 4

Dynamics of goods exports of Ukraine, 2010-2021, bln. USD

№	Country	2016	2017	2018	2019	2020	2021	Trend 2016-2021	Trend 2010-2021
	Total goods exports of Ukraine	36.36	43.26	47.34	50.05	49.19	68.07	y=5115.8x+31141	y=2339.4x+27930
1.	Algeria	0.24	0.54	0.39	0.58	0.36	0.45	y=21.111x+352.29	y=30.573x+115.46
2.	Bangladesh	0.33	0.37	0.22	0.44	0.36	0.31	y=2.9343x+328.01	y=31.129x+25.997
3.	China	1.83	2.04	2.20	3.59	7.10	8.00	y=1355.2x-614.95	y=440.58x+282.68
4.	Egypt	2.27	1.83	1.56	2.25	1.62	1.94	y=-44.366x+2067.1	y=-12.881x+2139.4
5.	Germany	1.42	1.75	2.21	2.38	2.07	2.87	y=238.3x+1283.8	y=97.626x+1195.7
6.	India	1.90	2.21	2.18	2.02	1.97	2.50	y=60.111x+1918.8	y=37.599x+1746.4
7.	Israel	0.49	0.60	0.58	0.62	0.56	0.73	y=32.237x+485.12	y=5.5238x+567.26
8.	Italy	1.93	2.47	2.63	2.42	1.93	3.47	y=167.62x+1887.5	y=10.725x+2389.4
9.	Libya	0.25	0.21	0.33	0.32	0.33	0.47	y=41.56x+170.07	y=19.827x+132.12
10.	Morocco	0.25	0.22	0.36	0.30	0.37	0.48	y=44.671x+173.93	y=17.872x+174.18
11.	Netherlands	1.00	1.68	1.60	1.85	1.80	2.26	y=198.83x+1002.1	y=139.14x+379.32
12.	Pakistan	0.11	0.16	0.13	0.06	0.33	0.66	y=90.08x-71.613	y=20.215x+86.338
13.	Spain	1.00	1.26	1.37	1.50	1.25	1.68	y=98.991x+997.31	y=65.142x+755.19
14.	Philippines	0.14	0.16	0.33	0.21	0.17	0.12	y=-6.3714x+210.1	y=18.769x-3.4061
15.	Poland	2.20	2.72	3.26	3.30	3.27	5.23	y=480.57x+1647.6	y=179.31x+1692.3
16.	Russian Federation	3.59	3.94	3.65	3.24	2.71	3.41	y=-142.72x+3923.7	y=-1514.4x+18187
17.	Saudi Arabia	0.59	0.52	0.75	0.74	0.72	0.77	y=42.266x+533.92	y=-9.1339x+813.35
18.	Sweden	0.07	0.08	0.07	0.08	0.07	0.11	y=4.9629x+61.98	y=2.0497x+58.944
19.	Turkey	2.05	2.52	2.35	2.62	2.44	4.14	y=299.59x+1637.8	y=-57.697x+3417.5
20.	USA	0.43	0.83	1.11	0.98	0.98	1.61	y=178.69x+364.44	y=34.262x+677.45
	Σ	22.09	26.10	27.27	29.51	30.41	41.21	y=3164.2x+18359	y=-443.8x+34832
	Percentage of total goods exports of Ukraine, %	60.76	60.33	57.61	58.95	61.83	60.54	y=0.1354x+59.529	y=-0.0039x+60.409

Source: author's calculations based on the State Statistics Service of Ukraine database. <https://ukrstat.gov.ua>

under review of 2010-2021 are observed only for the following four countries of Eurasia, Asia, Africa: the Russian Federation ($y = -1514.4x + 18187$); Turkey (trend $y = -57.697x + 3417.5$); Egypt (trend $y = -12.881x + 2139.4$), and Saudi Arabia (trend $y = -9.1339x + 813.35$).

The powerful states of Asia, specifically the People's Republic of China and India, consumed 5% of total goods exports of Ukraine in 2010, while in 2021 – the two countries bought 15% of total products exports of Ukraine. In 2010, the USA imported 1.6% of all merchandise exports of Ukraine, while in 2021 – already 2.4%. As for the European countries, out of the above-indicated 20 countries, 6 EU member-states (Spain, Italy, Germany, the Netherlands, Poland, Sweden) in 2010 imported 13% of total Ukrainian goods, while in 2021 – practically 23%, which confirms the trends modifications towards a significant increase in commodity exports to the EU countries, some Asian (e.g., China, India, Israel, Bangladesh, Pakistan) and African states (e.g., Libya, Morocco) as opposed to, for example, the Russian Federation.

The analysis of Ukraine's commodity exports trends for the period of 2010 to 2021 allows to arrive at the following conclusions.

Firstly, the trends demonstrate that there has been an improvement of commodity exports, which can be assessed positively at first glance, since in general Ukraine managed to overcome in 2021 the challenge of 2013-2016, but further research on the structure of Ukraine's foreign trade with particular states is required to evaluate the progress. Secondly, the role of the EU member states along with some Asian and African countries as key consumers of the Ukrainian goods has been strengthened. Thirdly, some important trading partners of Ukraine are characterized by transformations in the trends of decreasing or increasing their consumption of the Ukrainian goods (e.g., Egypt, the trend of which for 2010-2015 $y = 234.87x + 1377.4$ changed to the negative one $y = -44.366x + 2067.1$ for 2016-2021; Turkey, the negative trend of $y = -38.56x + 3533.5$ for 2010-2015 transformed to $y = 299.59x + 1637.8$ for 2016-2021; India – the trend from negative $y = -37.614x + 1984$ modified to positive $y = 60.111x + 1918.8$). Further analysis of the suggested tables will contribute to the identification of opportunities for diversification and intensification of trade cooperation of Ukraine with the aim of more effective fulfillment of the integration potential of the state.

Ukraine's integration aspirations should be directed towards the countries with which it could obtain new competitive advantages that would enable the economy to meet technological requirements while focusing on the exports of services as compared to goods, as well as on the exports of higher-value-added goods compared to raw materials (Radziyevska, 2023a). The State of Israel may serve as a good example since the exports are characterized by positive trends: $y = 23.631x + 525.67$ for 2010-2015; $y = 32.237x + 485.12$ for 2016-2021; $y = 5.5238x + 567.26$ for 2010-2021. Ukraine and Israel signed FTA, which entered into force on January 1, 2021. Moreover, during 2016-2020 exports of goods from Ukraine exceed imports from Israel by 300-400 mln USD, while in 2021 – almost by 500 mln USD. The share of Ukraine's exports of goods to Israel in all merchandise exports of Ukraine has been slightly above 1%, while the share of imports from Israel has declined – from 0.5% in 2016 to 0.3% in 2021; the goods turnover has reached USD 956.0 mln USD in 2021. The examination of commodity pattern of Ukraine's trade with the State of Israel demonstrates that the raw material nature of exports has been preserved: the share of "Cereals" (commodity group 10) increased from 36% in 2016 to 37.9% in 2021; the share of "Ferrous Metals" (commodity group 72) decreased from 30.5% in 2016 to 23.4% in 2021. Some improvements have been observed in the exports structure: the share of certain goods types of processing industries has slightly grown during the period under analysis, e.g. "Grain Products" (commodity group 19 – part of finished food industry products section); "Semi-finished goods from ferrous metals" (commodity group 73); "Nuclear reactors, boilers, machines" (commodity group 84); "Furniture" (commodity group 94 – wood products, part of different industrial products section), etc. (Radziyevska, 2023b).

The balance of trade in both goods and services has been positive during 2016–2021. Importantly, the share

of exports of services in all exports of goods and services of Ukraine to the State of Israel has been growing and in 2021 it reached 29% which also confirms the necessity to develop Ukraine's integration potential by covering trade in services in the expanded FTA with Israel. According to the State Statistics Service of Ukraine, the main types of services exported to Israel are the services in the sphere of telecommunications, computer and information services – 232 mln USD, or 63% of Ukraine's services exported to the State of Israel, with positive balance of 226 mln USD, as well as the transport services – 117 mln USD, or 32%, positive balance of 94 mln USD. The main types of services imported to Ukraine from Israel are the transport services – 24 mln USD or 59% and the services in the sphere of telecommunications, computer and information services – 6.4 mln USD or 16% of all services imported from the State of Israel (Radziyevska, 2023c).

4. Conclusions

The research results show that Ukraine has become a country of increasing depopulation and growing unemployment rate. The analyzed socio-economic and foreign trade indicators allow to arrive at the conclusion that the state needs to switch to the new economic model, which is to envisage the path to a new industrialization, bringing the country from highly open and deindustrialized to nationally-rooted and technologically competitive on the world markets with the main goal of ensuring the improvement of the well-being of the Ukrainian citizens.

The government should focus primarily on the national economy restructuring, the domestic production and consumption development, the national technological value-added chains formation and effective functioning. The reviewed regulation system of taxes and subsidies, tariff and non-tariff instruments will enable implementation of successful industry and foreign trade policy aimed at domestic manufacturing capacity rebuilding so that the socio-economic progress is achieved on the national level.

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