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**REGIONAL COOPERATION OF UKRAINE AND POLAND  
IN THE CONTEXT OF ECONOMIC SECURITY INCREASING  
AS THE CRISIS CONSEQUENCES COUNTERACTION**

**Annotation** *In the article we consider possibility of regional economic security level increasing in the process of Ukraine and Poland co-operation as crisis consequences counteraction. Also we analysed theoretical basis of regional economic security phenomenon.*

**Keywords:** economic security, Ukraine and Poland regional co-operation, structural deformations.

Problems, related to the comparative estimation of economic security strengthening is actual on all levels of managements, specially within crisis period: started from enterprise development (estimation of separate industries and spheres) to state policy forming and realization (estimation of regions, trans-regions, national and international economic relations on the whole). The primary purpose of complex region comparative estimation is determination of decision possibility of socio-economic tasks development on the basis of drawing on internal reserves and sources of the economy growth. Speaking about necessity of transboulder relations between Ukraine and Poland intensification we have to consider comparative estimation of Ukrainian and Polish border regions competitiveness level. In particular, in the field of monitoring and management of various factors production; socio-economic development; fiscal and monetary policy; enterprises; ownership and land-tenure; foreign economic activity; human potential and economic security development.

On the whole, beneficial economic activity providing belongs to major national priorities of every country, as it is a condition of society and region development stability and efficiency, in particular. Thus, it necessary to mark that at macroeconomic level theoretical bases of comparative description and monitoring of countries economic security, developed at too high scientific level, and for analysis at regional level a similar tools are characterized insufficient theoretical and empiric substantiation. Thus, expedient is to outline approaches to the region economic security estimation, and among the basic tasks is measured – the main threats to economic security in a regional context structuring.

For effective state policy in relation to reduction of differences in regions socio-economic development and development of the unique standards of reforms efficiency determination on regional level forming, and also for separate areas economic security monitoring is necessary to develop the tools that allow to estimate both potential and competitiveness of region and efficiency of this potential using. In addition, the presence of the unique indexes will allow to create a favourable climate for enterprise development, investment climate improvement and more balanced state policy realization.

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In the process of region potential comparative estimation the followings basic principles have be considered: complexity of estimation, that allows to take into account all major indexes; system of estimation which allow to consider the basic indexes and descriptions of regional development intercommunications; accordance of the system of indicators to the tasks of annual analysis and regions economic and social development prognostication; maximal informing of the proper institutions about the results of regions development level estimation, which gives possibility to the state authorities of optimum decisions at national and regional levels making.

The structure of the offered analysis of model complex of socio- region economic development include two directions – an analysis and forecast of region resource potential, and also the analysis of the potential using efficiency. General conceptual approaches provide the following: methodological instruments of estimation and analysis using of both: macro and micro levels (for example of separate enterprise); possibility of tools using for the estimation of different regions clusters (transboulder including); availability and unambiguity of primary indexes and aggregated groups; possibility of the permanent monitoring of situation; variability of the methods depending on research aims, that have achieved by the proper weighing coefficients calculation.

On the whole, the review of existent methodological approaches enable to offer the method of region economic security calculation, using the territory socio-economic development indexes is the following:

$$K_u = \sum_{i=1}^n \frac{K_i \cdot (P_i - N_{p_i})}{\sum_{i=1}^n K_i}, \quad (1.18)$$

where:  $i$  – weighted indicator index;  $n$  – total quantity of weighted indicator;  $K_i$  – concernment coefficient of  $i$  – indicators;  $P_i$  – actual value of  $i$  – indicators;  $N_{p_i}$  – value of  $i$  – indicators in the basic period.

Instead of expert estimation of index after the level of meaningfulness it is possible to use correlation of actual and threshold value which allow to estimate the level of region socio-economic development on the basis of economic security. On the whole, at the analysis of region economic security it is necessary to take into account the row of complex indexes (figure 1), in particular: external political; food and power, economic (in particular, threats of investments and threats in the real sector), ecological and social threats. In a social sphere to the state „high level of danger” for progressive development of personality, society and state belong on the whole: a loss of capacity for the recreation of high-quality and rational quantitative level of population as a result of the critical falling of life quality; worsening of physical, psychological and genetic health of population; moral, cultural and professional degradation; personality protected level decreasing; intensive destabilization of society and loss of social prospects for its considerable part; growth of social conflicts and insufficient efficiency of state authorities.

In this context we would like to strike your attention to the set of destructive consequences that are caused by not taking into account the main principles of region security following. First of all it caused ineffective structure of GDP.

In particular, it touches the high share of consumption in the structure of GDP which is not instrumental in the economy growing in a strategic prospect (table 1).

Table 1. Structure of Ukraine's GDP, %. [1]

| Indicators /years                | 1995  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 1-3 Q 2008 |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|------------|
| Private consumption              | 55,13 | 68,56 | 68,02 | 67,6  | 64,24 | 69,49 | 70,88 | 70,7  | 72,34      |
| Budget expenses                  | 21,27 | 8,01  | 7,41  | 7,82  | 6,91  | 7,05  | 7,21  | 6,81  | 6,47       |
| Fixed capital gross accumulation | 23,4  | 19,73 | 19,21 | 20,64 | 22,59 | 22    | 24,64 | 27,56 | 25,88      |
| Circulating capital reserve rate | 3,28  | 2,07  | 0,98  | 1,37  | -1,41 | 0,62  | 0,12  | 0,65  | 3,11       |
| Export                           | 47,07 | 55,46 | 55,09 | 57,75 | 63,63 | 51,48 | 46,62 | 44,84 | 48,51      |
| Import                           | 50,16 | 53,83 | 50,71 | 55,18 | 55,96 | 50,64 | 49,47 | 50,56 | 55,42      |

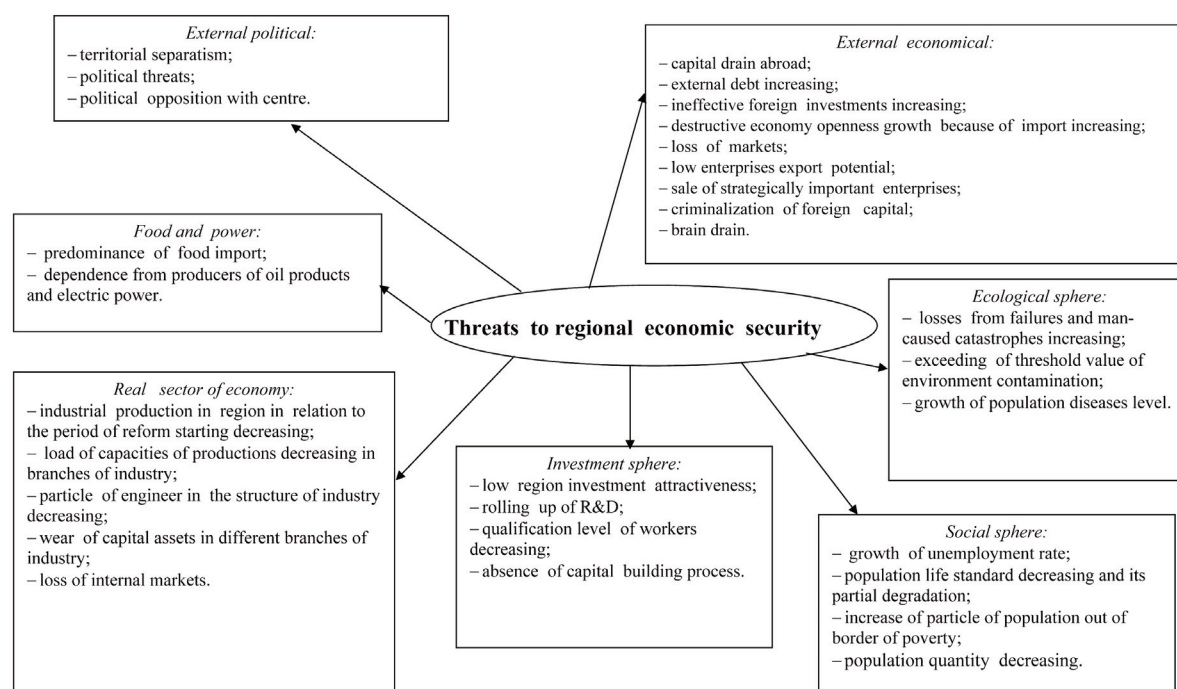


Fig 1. Classification of the main treats to regional economic security

For example – during 2001-2008 the level of private consumption in Poland (besides, this country is not the most developed among the CEEC countries, however, it has to be the nearest to Ukraine after start positions and mentally-cultural characteristics, that is why it was selected by us for comparison) fluctuated from 60,92% to 66,95% in attitude toward GDP (table 2), at the same time respective indicators in Ukraine made (64,24% and 72,34%). In addition, there is a high level of import share (in Ukraine in 2008 this indicator make 55,42%, and in Poland 44,49%), that, taking into account ineffective structure of external trade of our country worsens current account balance, decreases the volume of savings, volume of currency reserves and does the negative influences on the national income on the whole.

Among the countries of Central and Eastern Europe, which recently joined EU, in Czech Republic and Slovakia the level of consumption in this period made 47,03- 52,66% and 54,34-

61,23% accordingly (fig. 2), the level of investments fluctuated – in Czech Republic – 23,13-29,23% and in Slovakia – 20,63-30,90%, and governmental expenses – 18,85-26,22% and 16,20-20,61%.

**Table 2.** Structure of Poland's GDP, % [1]

| Indicators /years                       | 1995  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 1-3 Q 2008 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|------------|
| <b>Private consumption</b>              | 60,44 | 65    | 66,95 | 65,82 | 64,69 | 63,39 | 62,48 | 60,92 | 64,1       |
| <b>Budget expenses</b>                  | 18,69 | 17,89 | 17,89 | 18,13 | 17,59 | 18,08 | 18,27 | 17,99 | 17,59      |
| <b>Fixed capital gross accumulation</b> | 17,71 | 20,69 | 18,73 | 18,24 | 18,08 | 18,22 | 19,65 | 21,73 | 18,73      |
| <b>Circulating capital reserve rate</b> | 1     | 0,08  | -0,11 | 0,51  | 1,99  | 1,04  | 1,4   | 2,07  | 2,89       |
| <b>Export</b>                           | 23,2  | 27,06 | 28,63 | 33,31 | 37,49 | 37,09 | 40,36 | 40,87 | 41,19      |
| <b>Import</b>                           | 21,05 | 30,72 | 32,1  | 36    | 39,84 | 37,83 | 42,16 | 43,58 | 44,49      |

It, with the certain warning, can testify to orientation of economic policy on investment growth and, at the same time, social orientation that can explain and relative political stability in these states. Instead, in Hungary and Romania the level of consumption during 2001-2008 fluctuated from 62,6-75,25% and 60,43-79,73%, investments – 14,34-31,86% and 15,43-42,26%, and governmental expenses only 9,58-10,54% and 14,76-19,19%. Taking into account known corruptions scandals<sup>1</sup> and in relation to the high level of shadow economy it can be considered as pre-condition of political and economic instability in the indicated countries.

Thus we would like to mention that it is very important to speak about mutual strategy of economic security on the regional level. In this context, as it is stated above, co-operation with Poland in this sphere is one the best direction to strength the degree of the economic security of our two countries. First of all because our mutual past, great possibility in economic and political sphere and in addition it is very mutually acceptable to compete together on the strong European countries market on one hand and to increase the level of energetic security on other hand.

On the whole, summarised the results of analysis of approaches to research of economic security evolution within various component we can do the set of fundamental conclusions:

- because of the fact that to every economic system inherent certain level of vagueness, the problem of safety takes universal character;

- economic security is one of the most important system characteristic, the loss of which can result in the threat of integrity and self-adapting of the economic system loss, up to its destruction;

- risks, threats, conflicts, are the forms of display of the unique process of economic security level decreasing;

- necessity in safety – it is one of the fundamental necessities of subject existence on all levels of manage– individual, family, enterprise, region, state, world economy (dissatisfaction of this necessity destroys the subject of manage outside the effective and stable participating in social-economic life);

- system character of economic security, necessity to provide dynamic balance between the forms of its destruction and instruments of its providing, and also fundamental character of necessity for any subject of manage stipulates application of international approach in research of this phenomenon.

<sup>1</sup> In particular, in 2006 they offered 600 thousands of euro for audio record of premiere minister F.Durchan on which he confessed about the untruthfulness of information which was given in his electioneering: „... I told electors in the morning, in the day and in the evening, hiding from them the real economic situation in a country and plan of reforms for an exit from a crisis, with the purpose of victory in April elections”.

Thus, at the strategic planning of regional development and decision of tasks in relation to competitiveness level increasing it is necessary to take into account and take proper measures as to neutralization of the set of threats economic security, which were considered above. In regional meaning this process has to be managed by countries-strategic partners. From our point of view Poland is one of the most acceptable international economic and political partners in short-time meaning in the process of Ukraine Eurointegration.

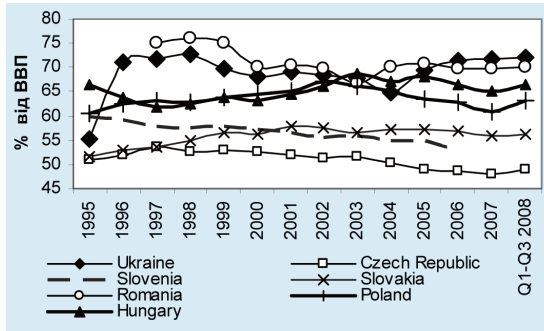


Fig. 2 a. Consumer level in the structure of GDP, %

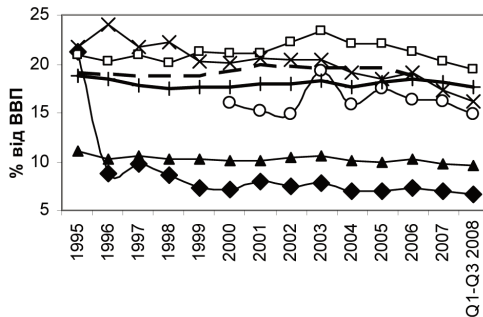


Fig. 2 c. Degree of government expenses in the structure of GDP, %

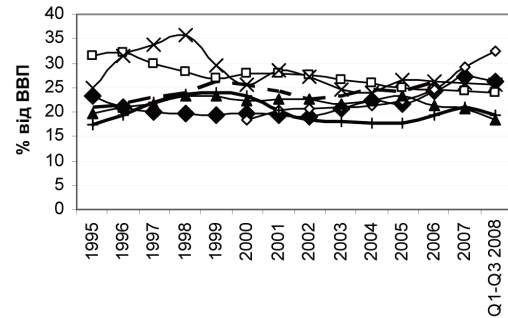


Fig. 2 b. Investment level in the structure of GDP, %

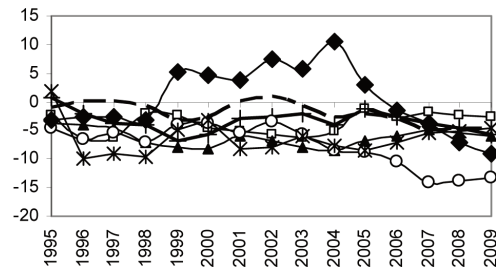


Fig. 2 d. Current account degree, in % to GDP

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