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*Kopiyka V.**

UKRAINE'S POLICY OF EUROPEAN INTEGRATION: CURRENT PERSPECTIVE

When the socialist bloc collapsed, the countries of Central and Eastern Europe had already reached the consensus of the society and political elites as regards European integration, which served as a foundation for economic reforms that allowed acquiring EU membership within a little more than one decade. But a utilitarian approach prevailed in Ukraine, where both integration process and economic reforms were dependent on foreign assistance, including financial support. At the initial stage an external support was needed to create prerequisites for Ukrainian statehood. Later, however, this need in external help became a stable tendency typical of Ukrainian elites who correlated integration rate with external assistance controlling at the same time all important spheres of social life in the country [1]. With the above in mind, it would hardly seem surprising that criticism of European officials regarding inefficiency of economic reforms, inadequacy of governance, drawbacks of judiciary and other comments of that nature have always and at all stages of bilateral negotiations caused irritation and even offended Ukrainian authorities who regarded such comments as interference into country's internal affairs. Whereas isn't integration commonly understood as voluntary abandoning by a state some of its sovereignty for the sake of joint development project?!

Superficial understanding of the essence of European integration process in post-Soviet countries preconditioned the scenario of "long-term approach" based on the idea of integration of Eastern EU neighbors by way of gradual broadening of cooperation. European neighborhood policy, "Eastern partnership" program and abovementioned Agreement on Association were supposed to help achieving this goal. The absence of membership prospects in all the instruments that define the cooperation between the EU and Ukraine upped the issue of rationality of following multiple Brussels recommendations and fulfilling requirements which if fulfilled would considerably limit the possibility of "manual" management of all internal processes so typical for Kyiv. Thus, EU-Ukraine relations demonstrate features characteristic of top-down integration, when leaders of states and governments have determining stake in national integration policy. However, one should note stable support of EU membership in Ukrainian society being at the levels of 40.7 %, 52.8 % and 56.3 % in 2005, 2010 and 2011, respectively [2]. Nonetheless, no solid foundation has been laid for bottom-up integration when population, civil society and local government bodies get together to develop common action plan. Razumkov Center analysts do not consider "maximization of any of the main vectors of foreign policy and improving the relations with one of the principal partners (EU and Russia) at the expense of another" typical for public opinion in Ukraine [3].

Despite unbending EU position as regards the cases of Mrs. Tymoshenko and other representatives of Ukraine's opposition European integration course remains a priority. During his visit to Brussels on October 20, 2011 vice-premier Klyuev managed to agree disputing provisions of Free Trade Agreement, in particular, those pertaining to dispute settlement in energy sec-

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tor, import customs duty for the cars of EU-make, sunflower seeds, and ferrous metal scrap. The necessity of signing the Agreement on Association as scheduled is not disputed by the European party at the official level. On the part of Ukraine, however, strong demands to include membership prospects in the Agreement were voiced. Otherwise, as it has been put by President Yanukovich [4], the signing of the document should be postponed until the EU is ready to fulfill this condition.

The discussion of membership prospects is nothing new and appeared as a result of differences in approaches to integration. Whereas in Ukraine they tend to treat these prospects as a guarantee of internal reform efficiency, economic and political stability, in the EU the right to membership is regarded as a kind of a reward to the candidate for successful reforms and neither membership per se nor its prospects can be an impetus for internal reforms. Recently Ukrainian experts have maintained that it is hardly reasonable to raise the issue of membership during negotiations since the Agreement on Association offers quite a number of steps to approach integration with the EU. In European media the Agreement on Deep and Comprehensive Zone of Free Trade is sometimes called 'accession-light' treaty since it specifies agreeing national commercial laws with common market laws of the EU. Preferential relations and relevant legislation harmonization of associated states with EU laws is the core of association, although additionally the Agreement on Association itself lays institutional foundation for cooperation in virtually all spheres of mutual concern.

Regardless of the inclusion in it of the provision on membership prospects the Agreement on Association will still have practical value for both parties. For the European Union it is a component of its 'soft power', using which it exercises its political, legal and cultural influence, whereas for Ukraine beside all other issues it is a means of its gradual involvement in the security system along EU borders. It was nothing but the need to secure safe environment along its external borders and, therefore, have friendly neighbors that preconditioned the correction of the EU integration strategy first after the collapse of the socialist block and then later, after EU broadening in 2004 and 2007 which introduced crucial changes into the geopolitical map of Europe. Without prospects of membership but with formal right to have one (according to Article 49 of the European Union Treaty) the Agreement on Association between EU and Ukraine ought to serve as an example, first of all, for Eastern Partnership member-countries willing to move closer to the EU.

As another argument to guarantee its safer future Ukraine decided to limit the period of Agreement validity to ten years without automatic prolongation. This proposal contradicts to the intentions of the EU party who want to make it open-ended, however, a compromise is also a possibility.

Negotiation round of October 26, 2011 failed to remove disputing issues in the political section of the Agreement.

The European Union is now in an anticlimax. Spreading loan crisis (Greece, Ireland, Portugal) and euro-zone problems cast heavy blows to the economic integration of Europe. Assistance to weaker member-countries serves as a social opinion divide within the EU and triggers public unrest both in major donor-countries and countries-beneficiaries forced to cut expenses, including those in social sector. Although at the official level mentioned tendencies are understood and adequately dealt with, under such conditions promoting the issue of new admissions will cause irritation and opposition.

In EU integration Ukraine seeks not only economic advantages, it is also seen as a civilization-related issue. Forestalling critical observations of Euro skeptics on identity crisis both in Europe and Ukraine, collapse of multiculturalism, growing anti-Muslim spirit in the EU (man-

ifested by terrorist attack in Oslo in July, 2011) it is worth noting that European scholars have been studying those problems since long ago and they have proposed to use such notions as interculturalism (forming hybrid identity, e. g. French Algerians) and integration (broad participation of immigrants in social life) [5] on which new European societal models are to be based.

It is worthwhile emphasizing that we do not consider current development hardships in the EU as impassable evolution hurdles and less so as signs of collapse of the European integration idea. In the context of coming changes Ukraine has a chance to strengthen its role in all-European process.

If to consider civilization-related ‘disengagement’ of Ukraine (after Huntington) European integration can become a consolidating strategy in country’s development. In this connection the issue of adherence to the European civilization values becomes urgent. European integration requires from Ukraine strict observance of basic democratic rights and freedoms.

An inseparable component of the Agreement on Association is a so-called human rights clause (included in the agreements with third countries).

Negative consequences of economic and financial crisis aggravated geopolitical rather than only economic competition between major international players in which Ukraine got involved as well. Unfortunately, Ukrainian foreign policy has only few instruments to influence the situation. The Agreement on Association is one of them containing known formula of ‘political association and economic integration’.

At the modern stage the relations between the EU and Ukraine face a number of new challenges: to wit indirect influence of the relations along EU – Russia axis. Bilateral dialogue EU – Russia is rather slow-moving despite proclaimed “Partnership for Modernization”. Ukraine’s joining either free trade zone with the EU or Customs Union with Russia, Belarus and Kazakhstan is discussed not only in Ukraine, but at the meetings of Ukrainian and Russian leadership. Russia regards the EU as a competitor in its own integration projects in so called zone of priority interests. European officials deny this competition on the post-soviet space [6]. What if not this explains then noticeably enlivened Russian activity in integration area, the last manifestation of the latter being Eurasian Union project proposed by V. Putin in his article “New Integration Project for Eurasia – Future Born Today”?! [7] To oppose the EU Russia puts forward its own integration project, in which Ukrainian participation becomes a key factor.

In Ukraine there is no intention to oppose its European integration course to its relations with Russia, trying to find the most profitable spheres of cooperation between the three parties. A trilateral gas consortium has been long debated, though optimal timing for it is already in the past. Today Russia is interested in establishing ‘Gazprom’ control over Ukraine’s gas pipeline system, using Belarus scenario. In view of critical energy dependence of Ukraine, the issue of gas price formation has long become political and bargaining involves among others the question of European integration. Gas price cuts are used as a key argument of Russian integrators, which allows us to conclude that value-related motivation of integration on post-soviet space is replaced by commercial interests.

Strategic balancing between East and West based on multi-vector policy has become unsafe for Ukraine. Growing pressure both from the EU and Russia showed that Ukraine didn’t have sufficient resources for pressure neutralization. Weaker standing in one of the two major foreign policy spheres makes Ukraine’s position vulnerable in another. In view of the above it is critical indeed for our state to find such cooperation format that would allow for changes in the world politics, would be beneficial for Ukraine and would not create new division lines in Europe. Successful process of coming closer to Europe regarded as a key component of Greater Europe concept may become a powerful political and psychological factor in nearing Russia to European Union.

It is, of course, anything but an easy task especially under continuing economic crisis when each country seeks to protect its markets and national producers and widen its presence on the markets of others. This tendency can be easily followed through in the negotiations with the EU on comprehensive free trade zone (limiting the access of Ukrainian auto carriers to European market; high customs duties for agro products); similar tendency is observed in the Agreement on Free Trade within CIS signed on October 18, 2011 in St. Petersburg. Ukraine having invested much time and effort to have this agreement signed received this document with the same exemptions (gas, oil, sugar, metal) which it tried to get rid of in 1994 Agreement on Free Trade within CIS though promises had been voiced of gradual cancellation of the exemptions. 2011 Agreement is not yet ratified, but Mr. Glazyev, Executive Secretary of the Customs Union Commission, Deputy Secretary General of the Eurasian Economic Union was quick to announce that CIS might take protective measures in response to Free Trade agreement between the EU and Ukraine [8]. While not putting in question the right of CIS countries to protect their interests, it is worth noting that today a free trade zone is a widespread instrument of trade policy; some countries have several such free trade zone agreements with various integrated groups of countries as well as with individual countries. Ukraine, with Russia being its biggest trade partner, cannot ignore the influence of the Customs Union. However, high rate of integration in this group about which Mr. Putin writes in the mentioned article does not allow all pros and contras to be properly estimated, which explains Ukraine's proposal to develop cooperation within '3+1' format.

The intensive and eventful negotiations on association allowed expecting for the Agreement on Association, this important document, to be signed in the late 2011, which was not denied by the EU. However, the December 2011 Ukraine-EU Summit agenda was limited only to the Agreement text initialing. While this essentially technical goal failed to be reached, the Summit did send some positive messages. Firstly, the Ukraine-EU Joint Statement recognizes the European identity of Ukraine, which shares with the EU common history and values, saying that "The EU acknowledged the European aspirations of Ukraine and welcomed its European choice" [9]. Secondly, the completion of negotiating the Agreement on Association was announced, which was a result of rather protracted and complicated process of coordinating the positions of the parties in the field of political and economic cooperation. Thirdly, the mentioning of the fact that the "Association Agreement leaves open the way for further progressive developments in EU-Ukraine relations" does not make the membership a totally unattainable goal. This statement can also be supported by limiting the duration of the Agreement by the ten-year term, on expiry of which, the relations may be subject to revision upon initiative of either party. Fourthly, the conclusion of the negotiations on amending the Visa Facilitation Agreement will further facilitate the issuance of visas to Ukrainian citizens.

The Summit outcome are obviously rather far from the expectations laid on it. The Agreement initialing framework is rather vague; the same holds true for the signing terms. Most commentators, in the context of the new political conditions put forward by the EU before the Ukrainian authorities, consider violation-free Parliamentary election of 28 October 2012 as the most likely event able to deal with the hurdles on the way to signing the Association Agreement.

A concern arises that the impetus of Ukraine-EU relations will be lost at least till the end of the current year. In such a case the Ukrainian leadership will find it quite challenging to counterbalance the efforts of Russia aimed at involving Ukraine in the integration space within the Customs Union. Thus, the European integration course of Ukraine may develop when the EU terms are complied with, undergo changes in favour of Eurasian integration or find itself 'suspended' for an indefinite time. Whichever version prevails, it becomes obvious that 'the strate-

gic balancing policy' will call for either going back to the drawing boards or for new more efficient tools.

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NEW TRENDS IN THE WORK OF A 21ST CENTURY DIPLOMATIC AGENT

The world has extremely changed over the past few decades. Active processes of globalization in economic, technological and social spheres have intensified their activity. The informational revolution, expanded international trade will only complicate these processes. Accordingly, this all has an impact on the practical work of diplomats of the 21st century that is directly reflected in the evolution of the functions of a diplomatic agent.

Key words: diplomacy, diplomat, globalization

The bound between foreign and domestic policy is gradually disappearing under the process of globalization. Problems that once were regarded as purely of internal affair of a country, often can be solved only at the international level with the efforts of various actors. In contemporary world politics both public and private actors actively cooperate with each other. In the scientific world the question whether we are witnessing the emergence of the era of the sovereignty of the individual in terms of transformation of the concept of state sovereignty, delegation of sovereign functions to international organizations and regional integration structures was widely discussed. Under these conditions the goal of diplomacy should be to harmonize these sovereignties, because their collision may determine international anarchy.

The research of the context, which is forming a modern model of diplomacy, leads to the conclusion that the future of diplomacy largely depends on which way establishment of a new world order will continue. For centuries, the principle of balance of forces for the sake of peace and fruitful cooperation was a canon of coexistence within sovereign states, according to which the whole system of diplomatic service was built.

Analyzing the transformational trends in modern diplomacy, it is worth touching such topics as the role of Ambassador in modern politics and modern diplomatic service. To our mind, the Ambassador is a key figure, whose role and place defines the role, place and importance of diplomacy as a whole. The professionalism of the diplomatic service of the country the Ambassador represents is usually judged in accordance with his skills and professionalism. Finally, by strict rules of protocol, only the Ambassador and in some cases, his deputy is the "Extraordinary and Plenipotentiary" representative of the head of state abroad, and the members of the mission he presides only help him in carrying out this responsible task.

The content of the article is to examine thoroughly and in detail the current processes that affect the diplomatic service; to analyse the systems of providing diplomatic departments of leading countries with staff, and identify the main trends of the functions and tasks of the diplo-

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matic agent of the 21st century. Thus, the authors do not aim at this but try to give an overview and make a general characteristics of the above mentioned issues.

The subject in this study is represented by a diplomatic agent. The object of the study is the latest trends, phenomena in the work of a diplomatic agent that affect the evolution of its functions.

Analyzing domestic and foreign research literature that reveals the processes that occur in modern diplomacy and in the work of diplomatic agent, it should be noted that there are few materials, where the evolution of functions of a diplomat is studied in recent decades. Instead, a large array for the study rich in various events of modern diplomatic practice, where the main actors of nowadays are the Heads of State and Government, and then professional diplomats.

It should be noted that direct communication of Heads of State and Government will not negate the need for diplomacy, but makes adjustments (albeit very significant) to its tasks. A more correct statement is of the former editor of the journal "Foreign Policy" C. William Maynes, "the development of communications reinforces the role of a good ambassador and reduces the role of the bad one" [1]. In some cases one may agree with H. Kissinger, when he spoke of the Ambassador with functions as a "representative doll" between the two countries - high protocol position of an Ambassador and peculiarities of a diplomatic profession do make this situation possible [2, p. 475]. After all, if relations between the two countries are good, if between them there is objective economic and political interest in each other, then flaws in the Ambassador's work may become almost invisible, especially when full confidence from the center to his reports on the activities lies in the basis of his work.

An Ambassador that uses less chances offered to him by his high position of a mediator between the two countries, really "does not mean anything".

However, in our opinion, it would be a mistake to consider this situation typical and basing on this to output a thesis about the archaism of diplomacy itself. Diplomatic service is a unique creation which today is particularly broad. In the modern era of new global political and economic challenges when overcoming political hazards is put on the agenda the need for close communication especially in political circles of the world, a growing competition in the economic sphere requires the use of all available opportunities to protect national interests, skilled, professional diplomacy is indispensable.

Therefore, taking into account the dynamics of processes in the world, countries are adapting to modern realities the recruitment of Foreign Service, leaving a part of the traditional requirements for diplomats and making some new adjustments. Thus, the process of democratization of the state apparatus of Great Britain that began after World War II and consisted of primarily expanding its social base, touched Foreign Service personnel as well. As a result, today only a third of credited service for young diplomats – graduates of elite colleges of Oxford and Cambridge (50 years ago they were 90-95%). Today, more than a quarter of professional British diplomats are women among them - 9 ambassadors.

But at the same time qualification requirements for diplomatic personnel formed in the early twentieth century, haven't changed essentially. In 1917 E. Satow gave a brief definition: a diplomat must be an "experienced gentleman" [3,p.243]. It is important that in the British practice of training diplomatic personnel, heads of professional British diplomacy deem it unnecessary conducting special training or retraining of diplomatic staff in some individual schools at the university level. In their view, the classical training of humanitarian design, decorum and good manners, ability to communicate in different spheres of society, mental resilience - these are the basic requirements that sticking out of people who apply to join the ranks of the diplomatic service. An educated and able man, according to British experts, can easily acquire special profes-

sional skills directly at work, so to say, filled with personal experience and watching their older counterparts.

Identifying people able to learn a profession of a diplomat in Britain in the late 40s was introduced as a hard system of personnel selection and remains active up to today. Personnel of diplomatic staff are divided into two main categories: "A" (category management) and "E" (executive category) [4]. Staff "A" category mainly engaged in political analysis and sent to overseas offices immediately to positions 3 or 2 secretaries. Their recruitment passage is approximately two times faster than their counterparts in the category "E", who are mainly engaged in consular, information-explanatory, trade-economic, cultural and other fields.

To enter the service of the management category, "elite" (the entire staff - almost 1000), and the applicant must undergo a severe competitive examination system, because from more than 2,500 people annually chosen only 25. The contest is called and organized by a Selection committee of civil (public) service with senior officials from the Foreign Ministry. Methods of testing include a variety of tasks, providing continuity of the examination process, involving staff, psychologists etc.

Given current realities and new directions of development of international relations, Foreign Office training department began to offer to start-up diplomats small courses of the world economy and finance, methods of using information technology in diplomacy, etc [4].

So, corresponding to the challenges of the modern international development, UK did not go towards the formation of new, parallel diplomatic service agencies, but rather has preferred the traditional basics of diplomatic activity and requirements for a diplomat. As a result diplomatic apparatus is quite compact, maneuver and inexpensive. It saved "elitism" of the diplomatic staff and skilled training professionals.

Other schools of diplomatic service have special educational institutions that train specialists in this field. Thus in France, the National School of Administration, in Italy - The Diplomatic Institute, and in Ukraine - Diplomatic Academy, in which students listen to special courses in International Law, economics and investment, international organizations etc.

National School of Administration in France is a separate educational institution, whose graduates are especially valued in diplomatic work. It accepts two categories of participants: persons under 26 years old, having higher education of the profile, and civil servants under 30 years who had worked for the civil service no less than 5 years.

Students receive high scholarship and are considered civil servants trained in public institutions of France or abroad, studying foreign languages. Term - 2 years 4 months. At the end of training, students who showed high interest and results may take a job in Quai d'Orsay as adviser without any additional exams. On average, each year at Quai d'Orsay seven graduates are taken after of the School Authority. In any case, during the competition for work in the Ministry of Foreign Affairs of France participants produce such qualities that are desirable for candidates to diplomatic service: wanderlust, a desire to try their capabilities in a wide range of human activity, sociability and disposition to work in a team [5]. Attention is drawn to the need for a thorough general training in the field of public law, history, political or economic sciences, and language skills.

Italian Diplomatic Institute is under the Ministry of Foreign Affairs and holds annual courses of different directions, which may attend young people who wish to participate in the competition for diplomatic posts in the Ministry [6]. Also after entering the service in Fornesina education in Diplomatic Institute is obligatory, though the law does not outline the appropriate time. Therefore, the administration is trying to attract a young diplomat to work rather quickly on the basis of which there are disagreements with the labor union. Diplomatic Institute also provides training to diplomats of senior and middle range for upgrading their qualification.

An applicant, who has passed the competition to the Ministry, initially works as a volunteer-intern, being guided by all the rights of staff members, and must take courses in the Diplomatic Institute. After that, the Governing Council assesses learning outcomes and student work. If this assessment is satisfactory, he is awarded the rank of Secretary. If rating unsatisfactory, trainee may again undergo a probationary period. In case of failure the agreement with the candidate is stopped.

Interestingly enough, the diplomats, as well as all public officials in Italy are given marks by the effectiveness and efficiency of their work: excellent, good, satisfactory, unsatisfactory. Therefore, to be eligible to participate in the competition for the position necessary either to be submitted to the Governing Council or to get an average scores of not less than perfectly and at least three times to get good evaluation for the last four years.

Thus, based on how seriously the state recruits to diplomatic service, it is worth noting that the Ambassador is not less important figure in diplomatic practice, the only thing that changes, as in all diplomacy - is its function and methods of their implementation.

The Ambassador is the only representative of the state, who has regular direct access to almost all executive offices and people who make decisions and stay in the Receiving state. Under conditions of Ukraine it is the only representative of the State abroad who can invite key actors of any field, interesting from the standpoint of national interests, to the reception, buffet, lunch or working lunch to discuss with them in an informal atmosphere common theme. This is the only representative of the state, who may appear regularly in the media of the host country, explaining the policy of their own state [7, p. 26]. Finally, he is the only state representative who nearly every day has the ability to promote state's positive image in the country of accreditation. From the skills and professionalism of the Ambassador depends how he succeeds.

The Ambassador increasingly dealing with the media, and if they show no interest in relation to the Ambassador, then this should be a reason to wonder whether his activity generally comes to people outside the mission headed by him. Former State Secretary of Ministry of Foreign Affairs of Germany Mr. Ishynher stated that "in the future, Germany will need ambassadors, able to influence by political means within the process of forming and decision-making in the host country. He must not only possess the language of the host country. He should be able to participate in public policy debates and talk shows. It must be PR-agent for a new generation"[8, p. 130].

Today, the Ambassador is not only a mediator between the two governments. A good, active ambassador becomes the mediator between the two nations in the broad sense of the word. According to C. Kronenburg, much of the work of an "average" German Ambassador is spent in meetings with representatives of political parties, trade unions, churches, armies and so on. While in the political sphere their functions are often reduced to a purely administrative level [8].

Also another feature peculiar of traditional diplomacy disappears: Ambassador's binding to the capital, where he is accredited. About this outdated practice of its time was well said in a letter to President J. F. Kennedy to the U.S. ambassadors of 29 May 1961, which is, in our opinion, one of the most instructive documents of this kind during the postwar period. J. F. Kennedy wrote inter alia: "The practice of modern diplomacy requires a detailed understanding not only of governments but of peoples, their cultures and institutions. So hope you plan the work so as to have time to travel outside the national capital. Only in this way you will achieve close, personal relationships that go beyond the formal diplomatic circles and create preconditions for compassionate and correct understanding of all segments of the countries of accreditation"[2, p. 209].

Today, more and more G. Nicholson epigram on 7 main diplomat's virtues comes in memory (love of truth, accuracy, quiet, smooth character, endurance, humility and loyalty). On con-

tinuation of this thought Nicholson wrote: "But the reader may wonder why I did not talk about intelligence, knowledge, prudence, diligence, hospitality, charm, diligence, courage and tact [9, p. 90]. I have not forgotten about them. I took them for granted. Under present conditions in this long list of basic requirements art to communicate with the media and communication should be added without which the current ambassador is unlikely to fully exploit new possibilities of modern media.

The task of information management, which now lies on the Ambassador, provides that it must show greater activity in both directions - informing his government and raising awareness about their own country in the host country. Using modern means of communication, such as the Internet, it should be combined with competence and awareness, without which the current ambassador will not be able to navigate well in the information maelstrom.

The Ambassador continues to be a representative of his own government in the country of accreditation, which in any situation should provide staying of delegations coming from the "center." Ambassador's representative role of, as well as information management, also has two dimensions. It should adequately represent the interests of their own government while respecting loyalty to the host country, without which he will use it a sufficient level of trust and, accordingly, cannot sufficiently perform tasks assigned to him. Using the "cost- diplomatic" terminology of the former Ambassador's of Germany to the U.S. Secretary of Ministry of Foreign Affairs of Germany Boris von Shtaden, "the ambassador, of course, is not an unbiased source, but nevertheless, it is somewhat" honest broker "between the two countries [8, p. 165].

It should be noted that in general the Ambassador's role in the negotiation process or using an English word, "negotiation", one of his traditional core functions is now more like work of a director of a service company. The Ambassador is now involved much lesser than before in intergovernmental and international contacts, the other solely responsible for complex and demanding area: somewhat oversimplified, he must ensure the preparation and conduct of negotiations and the effective implementation of decisions.

Extention of the spheres of diplomacy led to the use of diplomatic work of professionals from different directions. For example, in Germany, UK, U.S. foreign policy agencies invite to the work of psychologists, mathematicians, physicians, financiers, environmentalists and activists of civic organizations.

Changes of means of diplomacy entail the changing role of the Ambassador as well. Obviously, in the twenty-first century a diplomat's requirements are much higher. Without the routine of the collection of data due to technological progress, the diplomat of a new generation should prove himself primarily as an experienced analyst, manager and coordinator. Significant is his role of mediator between the official and non-governmental diplomacy, his ability to identify and mobilize non-governmental resources to achieve public purposes [10]. And above all, a diplomat of the new generation should expect, when and how government diplomatic resources can be represented by other actors to realize their goals in the international arena.

Thus, the evolution of international relations requires adaptation and changes from traditional diplomacy, its forms and structural organization. But, in turn, the basic postulates of diplomacy remain the same, only being adopted to modern requirements. This shows the importance of well-established by centuries practice of foreign affairs and its inherence regardless of the intensity of contemporary processes of transformation of the world.

In terms of the information revolution idea of maintaining relations with other countries directly from the Ministries of Foreign Affairs is getting popular. Sometimes it is a kind of return to the practice of the Middle Ages - The Embassy of ad hoc. Thus, recently in Norway and Sweden the institute of an "outbound ambassador" is being practiced, the ambassador who lives at home and leaves as needed with extraordinary embassy.

Optimization is one of the problems that constantly needs to reform the diplomatic service in any country. Research of the contents of the various proposals in this direction indicates a desire to reveal the full extent of necessity of a diplomatic mission in the country. Indeed, in small states sometimes presence of two or three diplomats is sufficient that will significantly reduce the diplomatic apparatus. American experts, for example, propose to establish Institute of so-called magnet embassies, i.e. small embassies of functional specialization. Nowadays, in times of crisis a central agency should be prepared quickly and flexibly strengthen these offices with needed staff. In FCO the issue of merging of the consular services of EU member states is discussed. There is also an opportunity to consider recommendations of the Ministry of Finance to close a certain number of consulates, replacing them with Helpline to connect those in need of consular services, with government officials in London [11, p. 103].

The innovative nature of modern diplomacy leads to the spread of alternative forms of support relations. These are "mission of ownership", "representative office" or "liaison office", "Interests Section". They allow to maintain direct diplomatic contacts even in the absence of formal diplomatic relations. For example, the UK and Libya after the break of diplomatic relations in 1984 and their restoration in 1999, kept at the embassies of third countries their "interests section" [12], the de facto U.S. diplomatic mission in Taiwan is the American Institute in Taiwan (American Institute in Taiwan), through which all communications between the states take place. So, after a break of diplomatic relations between Russia and Georgia, Embassy of Switzerland in Georgia to agreed represent Russian interests in Georgia.

Thus, globalization affected all spheres of political and social life. The collapse of bilateral system, the emergence of new independent states on the political map of the world, blurring the borders between states, failure to address awareness of global challenges alone - all this was a catalyst for the evolution of diplomacy.

Diplomacy must adapt to new forms of international relations, adopting classic diplomacy to the challenges of the new millennium, introducing new tools of diplomacy.

New trends in international relations suggest that the figure of a professional diplomat in the nearest future remain necessary for providing format of bilateral relations in the Receiving state.

Activities of the diplomatic agent of the 21st century will be based on obtaining information and in its development. Getting pulses from the new knowledge and research, a diplomatic agent registers, stores them and then transforms into new techniques, methods and means of international affairs. Modern diplomacy invents and chooses its instruments so that it meets the conditions of material and spiritual life that exists in the world. Effective performance of the functions of diplomacy depends on the reliability and quality of information obtained by it. A rate of flow and dissemination of information, transparency, openness, transparency of goals and intentions of foreign policy and diplomacy are one of the most reliable indicators of the level of a civilized state and society in general.

Diplomatic service today is more diverse than it was, for example, a century ago: modern diplomacy includes many uncharacteristic features such as interaction with the publicity, coordination of efforts to resolve conflicts. Forms of diplomatic activities are also becoming more diversified and today are much wider than only to the activities of embassies.

The value of diplomacy and diplomatic agent of the new millennium will undoubtedly increase. This is due, primarily, to the fact that law enforcement of solving international problems, despite their use is becoming more dangerous. In addition, the restructuring of international relations is connected with the processes of globalization, access to the world stage non-state actors, poses diplomacy a task of involvement to a new system of international relations and adaptation functions of the diplomatic agent of the present requirements.

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Shnyrkov O.

ESTABLISHING FREE TRADE ECONOMIC ZONES OF UKRAINE: CONDITIONS AND CONSEQUENCES

A new generation of regional trade agreements of the early 21st century are characterized by their complex nature. While classical free trade zone agreements were focused on tackling five or seven key issues on traditional international flow of goods, modern free trade zone agreements are more deep and comprehensive and cover around 40 various aspects of international cooperation, ranging from competition policy, intellectual property to political dialogue, social issues and public governance. Thus, these agreements are developing into complex regional instruments focused not on purely economic issues. Therefore, economic, social, political and legal institutions subject to the integration process should be homogenous.

Since Ukraine is highly dependent on the European Union and CIS markets and has low competitive index at the international market in economic, social, political and legal spheres, the priority for the country is intensive development of simple and developed forms of participation in regional integration processes. Economic integration of Ukraine with its major partners can take various types and forms: it can complement each other, be based on prioritization or mutual exclusion. So far Ukraine's accession to the Customs Union of Russia, Belarus and Kazakhstan excludes the prospect of free trade zone with the EU. Provided Ukraine, hypothetically, joins the EU, it will close the door on creating deep and comprehensive free trade zone with the CIS countries. Lack of agreement on traditional or deep and comprehensive free trade zone with the EU pushes Ukraine to the periphery of modern world integration processes.

Political consensus as to establishing free trade zone with the EU achieved by all the branches of Ukraine power in 2006-2007, in fact, precludes Ukraine from participating in the Customs Unions of the EEA and CAEU. This stance is supported by the President Yanukovich who in his address to Verhovna Rada in April 2011 reiterated the formula "3+1" as Ukraine's cooperation format with the Customs Union of Russia, Belarus and Kazakhstan [12].

In this regard, it is worth noting that the most efficient model of international integration development is a strategy of transition to the free trade regime with the EU (with the population of more than 500 mln) and maintaining, or under some circumstances, deepening the free trade regime with the Customs Union (with the population of more than 170 mln) under the formula "27+1" and "3+1". Access to two powerful markets of Europe and Euro-Asia may become a unique integration model for Europe, as none of the European economies has such a possibility. Provided there is EuraAsian Union established upon Russia's initiative, this approach has bigger potential.

Deep and comprehensive free trade zones with the EU and the CIS can set up a unique architecture for European integration processes, where it is the economy of Ukraine that is the only one that can have access to the receptive EU and CIS markets simultaneously. Development of Ukraine within certain period of time outside the framework of developed integration forms, with common economic policy developed and part of the national sovereignty being transferred

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to supra national level, will allow for efficient adaptation of national capital to regional and global competitive environment.

The model of establishing two major free trade zones of Ukraine with the EU and CIS will have the following implications. Firstly, due to this model Ukrainian producers secure their presence at two regional levels. Secondly, it allows for the creation of preconditions for structural transformation of Ukrainian economy, combining the development of export-oriented branches of I-III technological modes and forming the production of IV-V modes in view of the demand at European and EurAsian markets. Nevertheless, the free trade zone can be viewed as necessary but not sufficient condition for structural transformation, as it should be complemented by national economic reforms. Thirdly, availability of trade access to two major markets can lay the basis for considerable foreign capital inflow into Ukrainian economy and encourage the process of Ukrainian capital consolidation. Fourthly, the formula of two free trade zones makes it an issue for Ukraine to join the Customs Union of the EU and CIS in short-term and mid-term perspectives, thus it justifies establishing of its own special model of European integration different from the existing models practiced by the EU member-states.

This model of Ukraine's participation in European and EuroAsian integration processes involves some risks. Maintaining the balance between two free trade zones will require high level of competitiveness not only of the national economy, but also its social, political and legal sectors that, under some circumstances, can challenge the ability of the country to realize the most efficient integration model of Ukraine at current stage. Then, the odds might be to give up "the first best" for the sake of "the second best" option.

Daineko V. , Taranukha L.***

TEACHING FOREIGN LANGUAGES

The article outlines the work and attainments of the Chair of Foreign Languages at the Institute of International Relations, Taras Shevchenko University of Kyiv. The Chair is a home to a widely recognised school of teaching foreign languages for special purposes. Considerable contribution has also been made in methods of training translators and interpreters.

Key words: foreign languages for special purposes, translators' and interpreters' training

The Institute of International Relations set up the Chair of Foreign Languages to improve the linguistic competence of its students in 1976. As of to-day, the Chair teaches 16 foreign languages, including a number of Oriental ones, such as Arabic, Chinese, Hindi, Korean, Persian, Turkish and Japanese.

These days, the Chair takes pride in its nationally and internationally recognized scholastic and methodological school of teaching foreign languages for special purposes and professional communication in the field of international relations, international law, international economics, international business and information. The foreign language acquisition process is closely connected with the needs of students' future career growth.

In the course of teaching, the Chair increasingly often employs novel methods and techniques that rely heavily on the cutting-edge instructional technologies, such as computerized speech laboratories, simultaneous translation systems, audio and visual complexes, multimedia classes, etc. The Chair has up-to-date logistics, and boasts of combining time-honoured training technologies with digital networks use, enabling the employment of two-stage independent practice of students before they have tutored classes in interpreting. A rich and diverse e-library is available to the students; it offers access to virtually unlimited video and text files stock in a bilingual format, so that they could work out and polish skills of interpretation independently in the multimedia laboratory, with subsequent guided practice of consecutive and simultaneous interpreting recorded in the speech laboratory. Two methodological teams work at the Chair, i.e. the Distance Learning Centre and the Laboratory for Introduction of Multimedia Technologies into Students' Independent Work. The gained expertise has made it possible to introduce into the curriculum a new course of Essentials of Interpreting; the new directions of simultaneous and consecutive interpreting training with the help of multimedia are explored and applied. The Chair also works on the contemporary language of advertising, means and ways of foreign languages teaching and organizing students' independent work in the multimedia environment, on the employment of multimedia in training translators and interpreters. Linguistic commentaries of the multimedia discourse are compiled. Special video and CD courses have also been devised.

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All of the above-mentioned efforts yielded a series of textbooks and manuals, to mention but a few: Miram G.E., Daineko V.V., Taranukha L.A., Gon O.M., Gryshchenko M.V. Basic Translation (a lecture course) - Kyiv (2002,2004, 2005); Laponogova N.A., Dimond M. Realities of American Business Language - Kyiv (2004); Miram G.E., Gon O.M., Morozov V.P., et al. Translation Workshop. Multimedia Format - Kyiv (2005, 2006); Hryhorova O.V., Garan L.M., Salkova L.L. Geschäftlicher Schriftverkehr – Kyiv (2005); Miram G.E., Gon O.M. Translation Practice. – Kyiv (2006); Lisova I.G. A Workshop in Diplomatic French Language. - Kyiv (2006); Daineko V.V., Gryshchenko M.V., Vasiliev S.V. Foreign Trade Correspondence - Kyiv (2007); Daineko V.V., Gryshchenko M.V., Vasiliev S.V. A Guide to Diplomatic Correspondence - Kyiv (2009); Miram G.E., Daineko V.V., Ivanova S.V. A Training Course in Simultaneous Translation; Interpreter's Coaching: Interpretation Workshop - Kyiv (2010); Gon O.M., Morozov V.P., Noshchenko M.O. et al. Translation Workshop. Multimedia Format - Kyiv (2011); Daineko V.V. Gryshchenko M.V. English in International Legal Instruments - Kyiv (2011) Euro-2012 Manuals (in English, German and Spanish) - Kyiv (2011); along with hundreds of miscellaneous teaching materials, workbooks and guides, etc. issued every year. The monograph by Professor Miram G.E. Translation Algorithms is translated into Chinese, Finnish and Korean languages.

Foreign languages training results are assessed with the help of a module rating system, which is conducive to effective organization of the academic process and positively impacts the overall knowledge acquisition by the students. The Chair introduced language testing for both applicants and students. The Chair library has over 11,000 copies of teaching literature and teaching-and- methodological guides and aids.

As a result of its vigorous teaching-and-methodological work, continuous search for effective and efficient training computer-based tools, the Chair has become the umbrella Scientific-and-Methodological Centre of Teaching Foreign Languages for Special Purposes and the Use of Multimedia in Teaching Languages and Translation. On a regular basis, it hosts international conferences, scientific-and-methodological workshops and master classes. Its expertise found approval and commendation at numerous international conferences and universities abroad.

The Chair has a streamlined system of further and refresher training of trainers, researchers and instructors. In the recent years, to improve their skill and knowledge, the teaching staff have been to universities and research centres of the United Kingdom, the USA, Greece, Germany, Ireland, Spain, the Republic of Korea, France, Egypt, Austria, Malaysia, Mexico, Canada, Belgium, etc.

Every year the Institute graduates who have successfully completed a course in Methods of teaching foreign languages and had field training at the Chair join its scholastic ranks. Academics from foreign universities – the USA, France, Egypt, Germany Iran, Japan, the Republic of Korea – are invited to teach at the Chair.

The Institute students unflinchingly take part and win various language contests, working as language interpreters at international conferences on the whole range of different subject matters, also they demonstrate linguistic proficiency when studying and training at foreign universities. Yet another aspect of educational efforts is worth mentioning, namely the IIR Theatre Studio, which annually stages performances (Our Town, by Thornton Wilder, The Mousetrap by Agatha Christie, An Ideal Husband by Oscar Wilde, etc.) scoring huge success among Kyivite students' audiences. The money thus gained goes for charity purposes.

The Institute receives numerous positive feedback from organizations and institutions enrolling our alumni, with special reference to their foreign language competence.

*Dovgert A.**

TO THE HISTORY OF CODIFICATION OF PRIVATE INTERNATIONAL LAW IN UKRAINE

Preamble

The Law on Private International Law (PIL) was adopted in Ukraine on June 23, 2005 (entering into force on September 1, 2005). It is the first instance of PIL codification in one document. Previously, in Ukraine, as in other former USSR republics, PIL rules were to be found in three main documents: the Civil Code, the Civil Procedure Code and the Family Code.

This article restates the history of the codification in order to permit a better understanding of the main approaches accepted by the new Law on PIL.

Conceptual approaches to the codification of Private International Law in Ukraine in the early 1990s

The codification of the PIL of Ukraine could be considered as a continuation of the legislative work begun during the Gorbachev “perestroika”. In those years (1986-1991), the idea of a new codification of civil law was born and launched, together with the systematization of PIL norms. In 1991, the Basis of Civil Legislation of the USSR and Republics (Basis 1991) was adopted, comprising a much more elaborate system of conflict law rules and other legal provisions of PIL than the Basis of Civil Legislation of 1963¹.

In the late 1980s, there was much discussion within the legal community about the idea of adopting a separate law on PIL. A draft law on PIL was even drawn up (draft PIL 1991)². These events appear to be closely related, because many innovations of the draft law on PIL were incorporated into Basis 1991.

Some substantial provisions of the PIL codification of 1986-1991, present both in Basis 1991 and in the draft PIL 1991, basically reflect already well-known principles of national doctrine.

Firstly, some general rules of conflict law were stated by Basis 1991: the legal grounds for applying foreign law; determination of the contents of foreign law, and detailed rules of *ordre public* (Articles 156, 157, 158)³. These rules were identical to the relevant provisions of the draft law on PIL. They determined, in particular, that foreign law should be applied to civil relationships in cases defined by national laws, international treaties of the USSR, international custom, and by agreements between parties (“autonomy of will”).

¹ News (Vedomosti) of the Congress of People’s Deputies of the USSR and the Supreme Council of the USSR. – 1991. – No. 26. – Art. 733 (references to Ukrainian or Russian sources in English translation).

² Works of the VNII of Soviet State Building and Legislation. – M., 1991. – No. 49. – P. 123-148.

³ Basis 1991 did not contain the rules proposed by draft PIL 1991 regarding reciprocity, reverse reference (reference to the law of third country), application of the law of a country with multiple legal systems, consequences of avoiding the law, enforcement of the imperative provisions of the national law.

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The contents of foreign law provisions were to be determined in accordance with its official interpretation, jurisprudence, and the doctrine of the foreign country concerned. The Ministry of Justice of the USSR, other State organs, experts and persons involved in a case might be called to help in determining the contents of foreign law. When it was impossible to determine the contents of the provisions of foreign law, then Soviet law should be applied.

Where the application of the rules of foreign law would be in conflict with *ordre public*, Soviet law should be applied concurrently. There were some innovations concerning *ordre public*, namely: the new law contained the notion of “public order”, interpreted as including the fundamentals of the legal order, but not the “fundamentals of Soviet order”, to be found in the legislation in force. Secondly, due to the new developments in international relations, it was specially noted that the difference between the political and economic systems of the USSR and other countries must not be grounds for refusal to apply the foreign law.

Following the global modern tendency to strengthen the protection of personal non-patrimonial rights, the conflict law rule of Article 163 of Basis 1991 provided that the plaintiff had a right to choose either the law of the country, where the tort occurred, or the law of his permanent place of residence.

In the area of property rights, some new legal rules appeared concerning the determination of the law, which should be applied to ownership rights over various means of transportation (the law of the country, where the registration took place) and the protection of ownership rights (a person who requested the protection of ownership rights could choose the application of the following rules: *lex rei sitae*, *lex fori* or the law of the country, where the registration took place).

There were considerable changes in the law of obligations. The emergence of a new general rule concerning the determination of the rights and duties of parties to a legal act should be noted. Previously, only a rule for foreign trade transactions existed (Article 568 of Civil Code of Ukraine 1963), stating that the rights and duties of the parties should be determined according to the law of the place of the conclusion of the contract, unless otherwise agreed. The new rule applied to all types of legal acts.

As for contractual obligations, a new modern conflict law connection was established: the law of the country, where a party responsible, under the contract, for a performance of crucial significance for the contents of the contract is established or has a place of residence or its main place of business. This connection was detailed for some types of contract: sales contract, lease, etc. Finally, there was a connection concerning unjust enrichment (the law of the country, where this enrichment took place), which reflected the fact that Basis 1991 consisted of considerably updated material rules of law bearing on this type of non-contractual obligation.

USSR legislation on PIL thus underwent a substantial modernization of the general provisions of conflict law, personal non-patrimonial rights and the law of obligations. To this end, the solutions found in international conventions, in the latest legislation on PIL in Germany, Switzerland and the ex-socialist countries - GDR, Hungary, Poland, and Czechoslovakia - were drawn upon. The draft PIL 1991 suggested further reforms, or a substantial modernization, of family and labor law and the rules of international civil procedure. However, the scope of the conflict law rules of Basis 1991 was limited by the scope of the material rules of this document, which is the reason for which these last areas of law were not included in the new codification.

The achievements of the codification process of 1986-1991 were never applied in Ukraine, as the Basis came into force on 1 January 1992, and the USSR ceased to exist in December 1991⁴.

⁴ In some countries of the former USSR (for example, Russia), Basis 1991 was enforced and applied before the adoption of the new Civil Codes.

After the collapse of the USSR, work on the codification of civil law, including the codification of PIL, began in all the former Republics. On the one hand, it was a logical continuation of the civil law codification of the former USSR, but on the other hand, it was the reflection of a new political and economic situation (independence, development of a market economy, etc.).

In early May 1992, in Kiev, there held a Conference on the codification of the civil law of Ukraine⁵. In March 1992, according to the Decree of the Cabinet Ministers of Ukraine, a Working Group on the elaboration of a new Civil Code of Ukraine (the Working Group) was established. In the summer of 1993, the Ministry of Justice of Ukraine appointed 12 experts as members of this Working group⁶. From the very beginning, the idea of including the legal rules on PIL in the new Civil Code of Ukraine (CC) received overwhelming approval. Nevertheless, the scope and contents of the rules were still not determined at that time.

At the end of 1993, there was an attempt to undertake the codification of PIL to a full extent (including international civil procedure) by adopting a separate law. The Verkhovna Rada of Ukraine (VR) initiated a draft Law “On Solving Conflicts with the Legislation of Foreign Countries Concerning Civil, Family and Labor Issues.”⁷ This document was derived from Basis 1991 and the draft PIL 1991. However, it differed to some extent. In particular, it contained provisions regarding “legal qualification”, the notion of the “lex personalis” of a natural person or legal entity, by which it was proposed to solve the issues of legal capacity and capacity to act. The Ukrainian draft law, as compared with Basis 1991 and the draft PIL 1991, contained provisions on the determination of the law applicable to the property rights of a passenger over personal items (Article 19), to situations with a compulsory transfer of ownership rights (Article 20), to the acquisitive prescription (Article 21) and to mortgaged property (Article 23). The majority of innovations was to be found in the areas of family and labor relations. A special chapter on the protection of intellectual property rights was inserted. A chapter on international civil procedure was also modified.

The Ukrainian draft Law “On Solving Conflicts with the Legislation of Foreign Countries Concerning Civil, Family and Labor Issues” was not considered by the first session of the VR, as it ended in the Spring of 1994. The next sessions of the Parliament never returned to this draft Law, as work on the codification of civil law had begun. At the same time, this draft was analyzed in depth by the Working Group and, as a result, it was accepted that, because the draft had a lot of drawbacks and did not follow the modern tendencies of PIL in many areas, it should not be used as the basis for PIL codification within the framework of the preparation of the new draft CC.

At this time, the Working Group had to decide theoretical issues concerning the scope and method of codification⁸. Concerning the method of codification, the Working group had to de-

⁵ Materials of the Scientific-practical Conference “ Conceptual Issues of the Creation of the New Civil Code of Ukraine”. – K., 1992.

⁶ See DOVGERT A. and KALAKURA V. About Preparation of the Draft Civil Code of Ukraine // Ukrainian Law. – 1997. - No. 1. - P. 108-114.

⁷ See: Addendum to the Letter of the Head of the Commission on Economic Reform Issues and Management of Economy of the VR No 6-3/8-1257 of December 20, 1993.

⁸ The main rules of PIL of Ukraine were concentrated within two major sources: the Civil Code 1963 and the Family Code. Rules on international civil procedure were included in the Civil Procedure Code 1963. In the period of 1991-1995, new Ukrainian laws appeared (on external economic activity, on pledges, Trade Maritime Code etc.), which contained some conflict law rules, some of which replaced some rules of the effective Civil Code. At the international level, within the CIS countries, the following documents appeared: Agreement on the procedure for solving disputes related to economic activity (1992); Convention on legal aid and legal relations on civil, family and criminal cases (1993).

side between three variations. The first was to preserve the present approach to the sources of PIL and carry out the codification by dividing the whole array of legal rules into three groups, placing them into three new codes, namely: a Civil Code, Family Code, and a Civil Procedure Code. The second was to carry out the codification of PIL through the adoption of a separate law. The third was a broad codification of PIL within the framework of the new CC.

In the PIL doctrines of the USSR, and later of the newly independent countries, at the end of the 1980s and the beginning of the 1990s, the idea of a codification of PIL within the framework of a separate law prevailed⁹. Nevertheless, Basis 1991 demonstrated the survival of the old approach to the placing of conflict law rules. The conference of experts of the CIS of February 1994, held in Saint Petersburg, also pointed out the importance of the inclusion of conflict law rules in new civil codes, but within the narrow scope of civil relations¹⁰.

In the global practice of codification of PIL in the 19th and 20th centuries, beginning with the Napoleon Code (1804), PIL provisions have mostly been included in civil law codifications. The French Civil Code contained a few such rules¹¹. The courts had a primary role in developing PIL rules. The German BGB, adopted almost a century later, contained many more PIL rules¹². The Civil Code of Italy of 1942, in its Chapter on General Legal Provisions (this Chapter precedes Book One on “Persons and Family”) and in other parts of the Code, contained even more conflict law rules¹³.

In the second part of the 20th century, the processes of the globalization of all areas of life required the emergence of relevant legal instruments. Together with the international codification of material and conflict law rules governing international civil relations, the national conflict law systems were also modified. This was done in various ways.

In the middle of the 1990s, the following occurred. In Germany, in 1986, PIL was modified by relevant changes to the Civil Code¹⁴. The Canadian province of Quebec included both conflict law rules and rules of international civil procedure in Book 10 of the Civil Code¹⁵. We find the same approach in the Dutch doctrine of codification¹⁶. Austria, Switzerland, and other countries adopted separate laws on PIL¹⁷. Italy developed a separate law on PIL, which was adopted in 1995, and the relevant articles of the Civil Code were abolished¹⁸.

Thus, foreign practice showed three main methods of codification and modification of PIL: (1) the inclusion of its body into the civil codes, which approach dominated for almost two centuries; (2) the adoption of separate laws on PIL when civil codes were insufficient (Austria, Switzerland, Turkey and several other countries)¹⁹; (3) the abolition of the conflict law rules of civil codes as a result of the adoption of a new law on PIL (Italy).

⁹ See SEMENOV N.P. About the Justification for the Preparation of the Law on Private International Law // Soviet State and Law. – 1990. - No. 1. - P.10.

¹⁰ See DOVGERT A. Civil Codes of the NIS Countries. Harmonization and Modeling // Legal News. – 1994. - No. 4.

¹¹ LUNTZ L.A. Course of Private International Law. General Part. - M., 1975. – P. 85

¹² Ibid. – P. 86-87

¹³ G. De NOVA. Codice Civile e Leggi Collegate. – Milano, 2000. – P. 79-80

¹⁴ German Law. Part 1. Civil Code/ Translation from German. – M., 1996. – P. 501-515.

¹⁵ Civil Code of Quebec. – M., 1999. – P. 450-464.

¹⁶ HARTKAMP A. Civil Code Revision in the Netherlands 1947-1992// New Netherlands Civil Code. – Deventor/Boston, 1989.

¹⁷ Switzerland’s Private International Law Statute of December 18, 1987. – Deventor/Boston, 1989.

¹⁸ Reform of Italian System of Conflict Law (Law No. 218/1995 and amendments) // The Italian Civil Code and Complementary Legislation. – N.Y.: Oceana Publications, 1996.

¹⁹ See: BOGUSLAVSKY M.M. Private International Law. – M., 2002. – P. 65-77.

Based on the analysis of the situation in Ukraine, of its history of law developments, and of the international practice of PIL codification, the Working Group accepted the idea of a codification and modernization of Ukrainian PIL within the framework of the preparation of a new CC, which would contain a separate Section (later a Book) on PIL.

As to the scope of the codification of PIL within the framework of the CC, at the beginning of 1994, the Working Group decided to include therein not only legal rules for international civil relations in their narrow sense, but also conflict law rules for family and labor law and legal rules on international civil procedure. In fact, this was actually the development of a special law on PIL, within the framework of a new CC. Firstly, the members of the Working Group were convinced that such an approach would contribute to the elimination of the excessive number of internal sources of conflict law in Ukraine. The CC itself would be more complete, because it would be unwise to separate conflict law rules from material rules within the CC. The adoption of separate laws on PIL in some countries was rather an exception to the rule of inclusion of PIL into civil codes. This would only occur in those countries where civil law codification was not current. Secondly, the full incorporation of PIL rules into the CC would increase the influence of this last over private relations, and that of the PIL rules themselves. Thirdly, the possibility of including PIL provisions on family law, while material rules in this area were at that time not included in the draft CC, and on labor law was permitted in accordance with the view that the CC was to be a codification of private law as a whole, and that its provisions must be applied to all civil (private) relationships, including family and labor relationships, unless special rules exist in these areas.

The Canadian experiment convinced us of the possibility of incorporating international civil procedure rules into the draft CC. This approach guaranteed the effective operation of Ukrainian PIL, because leaving the codification of procedural issues to the separate procedural laws codification might have narrowed the implementation of PIL rules, and solved the problem of adopting a separate law on PIL in the future, which would have been a threat to the direct application of the new CC provisions, according to the drafters.

One important argument in favor of the inclusion of the rules of international civil procedure in the CC was the specific situation in Ukraine, where there was competition between the economic courts and courts of general jurisdiction over the cases involving a foreign element. At the same time, the procedural codes (Civil Procedure Code (CPC) of 1963 and Economic Procedure Code (EPC)) had contradictory provisions on competence and jurisdiction. There is still no hope that these codes will be synchronized or that a single procedural code will be adopted for all courts of general jurisdiction.

Furthermore, the absence, in PIL, of a clear border between material and procedural law was taken into account. Thus some provisions (for example, periods of limitation) are considered to be material law in continental law countries, while in common law countries, they are related to procedural law.

This conception of the codification of PIL was developed in 1994, and presented at the international meeting of the Working Group, including Dutch, German and Russian experts, in June 1994²⁰. It is embodied in the structure of the first version of the draft CC of 1994. This structure, in particular, includes: general provisions (Chapter 51); the legal status of persons (Chapter 52); conflict law rules in property law (Chapter 53); conflict law rules in the law of obligations (Chapter 54); intellectual property rights in international relations (Chapter 55); conflict law rules in succession law (Chapter 56); international civil procedure (Chapter 57)²¹.

²⁰ Cryptogram of the First International Working Session on Draft Civil Code of Ukraine (June 11-15, 1994) // Archive of the Ukrainian Legal Foundation.

²¹ Civil Code of Ukraine. Draft. – K.: Ukrainian Legal Foundation, 1995. - P. 4.

Drafting these chapters are closely related to the work on a Model Civil Code for CIS Countries, which contained a special Section on PIL.

Codification of Private International Law within the Model Civil Code for CIS Countries.

In July 1995, the next meeting of the group of experts from CIS countries, in the Netherlands, pushed on with the work on the Model Civil Code (Model). During this session, the following parts were written: succession law, intellectual property law and private international law.

For the purposes of writing the Section on PIL, a special committee was established, headed by myself (professor Anatoliy S. Dovgert), and including scientists and experts from Ukraine, Georgia, Kazakhstan, Kirgizstan, Moldova, Belarus, Russia and Uzbekistan²². The committee received codification drafts from Ukraine, Georgia, Kazakhstan, Belarus and Russia, which were then combined and compared in a table²³.

The experts first addressed the concept of the codification of PIL. After careful study of these drafts, it was noticed that Basis 1991, and also some provisions of the draft PIL 1991, were essentially correct (reverse reference, reference to the law of a third country, evasion of law, registration of civil acts abroad, acknowledgement of documents issued by foreign authorities, tutorship and guardianship).

According to the experts, the main disadvantages of these drafts were the following. Firstly, they contained many gaps in regulation, as compared with modern European acts. In particular, the rules concerning legal qualification, the application of imperative provisions, and the application of the law of a country with several legal systems, were missing. Secondly, unilateral conflict law prevailed, a reminder of former protective thinking. Thirdly, the basic institutions of modern conflict law, which are the autonomy of will and the principle of the closest connection, were not fully represented. Finally, in many cases, obsolete connections applied, contradictory to the rules of international conventions and of modern codifications.

After having analyzed the drafts, the experts defined the following principles for the writing of the PIL drafts as a part of the Model: (i) codification must include all basic legal principles in conflict law regulation, according to modern global legislative practice and doctrine; (ii) codification shall be extended beyond Basis 1991, the draft PIL 1991, and the submitted national drafts. To that aim, it is important to avoid the wide use of unilateral conflict law provisions, to find modern connections, and to apply more consistently such basic categories of PIL as the autonomy of will and the principle of the closest connection; (iii) codification shall be based upon the doctrine of PIL (including national doctrine, which had evolved over almost a century and a half), and modern codifications of PIL at the national (Austria, Italy, Switzerland, Germany, Canada, the Netherlands) and international (the Hague Conference conventions on PIL, and those of the EU, CIS, etc.) levels.

As a basis for codification, the members of the committee, following the report of its Head, decided to work towards a broad codification, to contain conflict law provisions in family and labor law, as well as international civil procedure rules. The reasons were the same as for the choice of structure of the Ukrainian CC. Furthermore, Article 1 of the Model, which stated that family and labor relations are regulated by civil legislation, unless family and labor legislation prescribes otherwise, allowed such an inclusion. Nevertheless, this approach failed to meet with

²² List of the Committee: professors A. Dovgert (the Head), Y. Basin, N. Kuznetsova, M. Suleimenov, L. Chanturia; associate professors A. Zhiltsov, V. Peremienko, Z. Ubaidulaev, N. Beishenalieva.

²³ See: Comparative Table, prepared by the Scientific-Consultative Center of Private Law (Moscow).

overwhelming approval beyond the committee. A special meeting of the experts who were present at the working meeting in Leiden came to the conclusion that the scope of the conflict law regulation of the Model should remain within that of its material provisions.

In accordance with the above-mentioned concept, a draft text of Section VII on “Private International Law” of the Model was created. It caused much discussion at the meetings of experts with western specialists. The foreign expertise used for the drafts was that of professors Y. Scoles and S. Raynolds (USA), and M. Polak (Netherlands)²⁴. The plenary sessions were held at the office of the Hague Conference on Private International Law, with the assistance of Mr. Y. van Loon, the Secretary General of this organization, and other experts. After some changes to this Section made in December 1995 at the working meeting of experts in Leiden, the text was adopted at the seventh plenary meeting of the Interparliamentary Assembly of Member States of the CIS of 17 February 1996, as a recommended legislative draft for the CIS countries²⁵.

The codification consisted of the 43 Articles (Articles 1194-1235) of Section VII. The articles were grouped in two Chapters – “General provisions” and “Conflict law rules”. The second Chapter consisted of eight paragraphs, which followed the structure of the material part of the Model: persons; personal non-patrimonial rights; legal acts, representation, period of limitations; property rights, contractual obligations; non-contractual obligations; intellectual property and succession law.

What innovations did this Model contain in comparison with various national codifications and Basis 1991? The general part introduced more detailed and complete principles of modern PIL. Article 1194 laid down such important principles of PIL as the autonomy of will and the principle of the closest connection. *Lex fori* was used when there was a question about the legal qualifications of terms, nevertheless, for example, when legal notions are not known to the law of a court, a foreign law might be applied. The application of conflict law rules did not restrict the application of national, or even foreign, imperative rules, if they had a close connection to the case (Article 1201). Furthermore, the application of foreign legal rules was not to be limited by the fact that the rule is of public character (Article 1194). In cases where the law applicable is that of a country with multiple legal systems, the relevant legal system was to be chosen in accordance with the law of this country (Article 1202).

Beyond those mentioned here above, the Model contained additional exact and complete interpretations of PIL principles: the determination of the contents of foreign law (Article 1196), reverse reference (Article 1197), evasion of law (Article 1198), reciprocity (Article 1199), a public order clause (Article 1200), and retorsion (Article 1203).

The second Chapter on “Conflict law provisions” contained innovations in all conflict law provisions. The conflict law rules concerning persons were already reciprocal. Of great importance was the establishment of a basic notion of *lex personalis*, not only for natural persons, but for legal entities as well (Article 1211). *Lex personalis* governed both capacity to act and legal capacity (Article 1205). The same conflict law rules were to apply to international civil relations with State participation, unless otherwise required by law (Article 1214).

The innovations in property law consisted of the introduction of new rules concerning the legal qualification of property, which was to be governed by *lex rei sitae* (Article 1219). It was also suggested that *lex loci contractus* be replaced by *lex causae*, regarding the emergence and

²⁴ E. Scoles – professor at Oregon University, author of a fundamental work on PIL (SCOLES E., HAY P. Conflict of Laws. – St. Paul, Minn, 1992. – 1160 p.). S. Raynolds – teacher of law at Harvard Law School. M. Polak – professor of private international law at Leiden University, author of a fundamental work “Private International Law in the Netherlands”. – Deventor/Antwerp, 1987. – 337 p.

²⁵ Civil Code. Part Three. Model. – Addendum to the Information Bulletin. – 1996. – No. 10.

termination of rights in rem to a property which is the subject of a legal transaction, and to choose *lex rei sitae* when determining the emergence of ownership rights to a property by virtue of acquisitive prescription (Article 1220).

It is well known that *lex voluntatis* has a wider application in determining the law applicable to contractual obligations. This is the reason for which *lex voluntatis* was given a broader scope in the relevant paragraph. In particular, there was a new provision according to which the parties to a contract might choose the law applicable to this last, both to the contract as a whole and to specific parts thereof (Article 1224). The law applicable to a contract covered not only the rights and obligations of the parties, but the interpretation, the performance of the contract and the consequences of a default on performance or improper performance of the contract, the assignment of rights and the transfer of debts, termination, and the consequences of the invalidity of a contract (Article 1227). The danger of different approaches to the regulation of foreign trade agreements and other agreements was avoided. The application of the law of the party responsible for the performance of crucial significance for the contents of a contract has become a universal connection in commercial and consumer contracts.

Among the conflict rules, which governed non-contractual obligations, there were new rules concerning unilateral obligations (public promise of a reward, unauthorized agency, etc.) and special conflict law rules regarding consumer claims for compensation of harm caused as a result of defects in goods and services (Articles 1228, 1230).

Lex voluntatis seems to have been applied restrictively to the drawing up of wills under succession law (Articles 1233, 1235).

Thus, the Model constituted considerable progress in the legislative practice of PIL in the former Soviet republics, which in many aspects met international requirements and corresponded to global tendencies in PIL developments. The Model law was implemented in the new Civil Codes of Belarus (1999), Armenia (1998), Kazakhstan (1999), Kirgizstan (1999) and Uzbekistan (1996), with almost no changes. The Model also served as a foundation for the drafting of the relevant parts of the Ukrainian and Russian Civil Codes.

Development and Elaboration of Private International Law Codification as a part of the draft Civil Code of Ukraine in 1996-2000.

Between January and March 1996, the Working group continued work on the draft CC. At this time, it was decided to include a draft Family Code, developed by a separate Working group of experts, in the updated and elaborated draft CC²⁶. On March 20, 1996, work on this new version of a CC was completed. Book 8 on "Private international law" included the provisions from the Model and conflict law rules concerning family and labor law, as well as international civil procedure provisions. Nevertheless, the PIL part of the draft CC was considerably modified during the codification work of the Summer of 1996, according to the provisions of the new Ukrainian Constitution. The international evaluation of Book 8 was organized by the German Fund for International Legal Cooperation and performed by professor Dr. H. Derner²⁷.

This is how the draft CC of 25 August 1996 was born, later adopted in the first reading by the VR on June 5, 1997²⁸.

²⁶ See: DOVGERT A., KALAKURA V. About the Preparation of the Draft Civil Code of Ukraine // Ukrainian Law. - 1997. – No. 1. – P. 108-114.

²⁷ H. Derner – professor of the department of civil law, private international and comparative law of the University of Dusseldorf.

²⁸ See the text of the Draft: Ukrainian Law. - 1996. – No. 2

The project offered, compared to the Ukrainian CC of 1963, a more complete regulation of international civil relations that, in the opinion of the drafters, provided for an effective interaction of the Ukrainian legal system with global legal systems. Among the innovations were general conflict law rules, deserving a special mention (legal qualification, determination of the contents of foreign law, reverse reference, evasion of law, public order, the application of imperative rules, etc.), the majority of which were previously only known in national doctrine.

The preparatory period for the second reading, the next phase of codification in Ukraine, lasted three years (1997-2000). There was considerable discussion of Book 8 at the IVth Ukrainian conference on codification (18-20 June 1997)²⁹ and in different legal publications. The experts of the Special Temporary Commission of VR on the Adoption of a Draft CC (Temporary Commission) twice (August-September 1997 and August-September 1999) discussed the articles of the Book on "Private International Law", and changes and additions were proposed by MPs of the second and third convocations of Parliament. A meeting on PIL issues with German experts, professors U. Drobning³⁰ and H. Derner, in September 1997, was also very fruitful and helpful.

On 15 September 1999, during a meeting of the Temporary Commission, the results of this work were discussed and a draft of the Comparative Table was approved for the second reading.

There were nearly 50 amendments proposed to Book Eight³¹. The majority was intended to allow editorial and terminological improvements, and to clarify the contents of some provisions. Proposals to considerably alter some articles of the Book were made in order to more fully integrate modern principles of PIL.

The main intent of these major changes was the avoidance of some restrictions regarding the application of foreign law by Ukrainian courts. In particular, it was proposed that both the rule of reciprocity in the application of foreign laws (Article 1558), and the rule that foreign law shall not be applied if the harmful act for which compensation is requested is not considered unlawful under Ukrainian law (Article 1593), be abolished.

There is a close connection between the above mentioned proposal and that to abolish the rule under which Ukrainian courts were not obliged to perform rogatory and other commissions from foreign courts, if there was no mutual reciprocity in this matter (Article 1619). The abolition of the rule under which Ukrainian courts only executed foreign court judgments if a relevant international agreement was in force was also proposed. The drafters were convinced that such restrictions would threaten the development of international business relations, which is the reason for which these no longer exist in most countries.

Taking into account the legal experience of other countries, the drafters proposed that the voluntary principle of Ukrainian PIL be strengthened. In particular, claimants in matters of torts and of unjust enrichment had a right to choose the law of country of the court (Articles 1593, 1595). Foreign legal entities could choose between the Ukrainian courts of special and general jurisdiction. It was also suggested that the main ground for determining the jurisdiction of Ukrainian courts in cases involving a foreign element be the agreement between the parties on the jurisdiction of Ukrainian courts over the case (Article 1616).

On June 8, 2000, the suggested changes were approved by the VR, and the draft CC was adopted in the second reading.

²⁹ See: Ukrainian Law. – 1997. – No. 3

³⁰ U. Drobning – one of the outstanding civil law specialists of Western Europe. He was the Director of the Max Plank Institute of Foreign Private Law and Private International Law for a long period.

³¹ See these amendments: Ukrainian Law. – 1999. – No. 1.

The preparatory work for the third reading was done in July and August 2000. The experts offered only a few more precise definitions and additions to the text of the Book³². In particular, they suggested that it be made very clear that PIL rules apply not only to the courts and other organs, but also to the participants in the relevant legal relationship (Article 1551).

Consideration of the draft codification of Private International Law by the Verkhovna Rada of Ukraine in 2001-2005

The draft CC, which was prepared for the third reading in 2000, alas failed to receive parliamentary consideration in the version prepared by the experts. In 2001, the Temporary Commission destroyed the chosen structure and abolished or even considerably worsened many of its provisions, as compared with the text of the second reading. Firstly, the Book on Family Law was unlawfully excluded. A draft of a separate Family Code, introduced in breach of parliamentary Procedure (which prohibits the consideration of draft legislation which is in contradiction to any draft legislation which was approved in the first reading), was adopted as final in November 2001.

The exclusion of the Book on Family Law from the draft CC does not only affect the structure of this systematic document. For example, Book 8 on Private International Law contained a chapter of conflict law rules for family relations. The legislator could not find a “better” way than to continue the destruction of the document. Thus, in the Summer of 2001, the Book on Private International Law was excluded as well. The draft Civil Code was finally adopted at the end of 2001, with only six Books. The drafters attempted to remedy the situation (in particular by restoring the PIL rules to the structure of the CC) during a modification of the document according to the Presidential veto comments (February 2002 – January 2003), but they failed. The final version of the CC was adopted on January 16, 2003 and entered into force on January 1, 2004.

These thoughtless and nonprofessional actions of the MPs involved and their experts led to a situation where Ukraine, during a considerable period of time (from January 2004 till September 1, 2005), had no general conflict law rules in force.

This exclusion of the Book on PIL from the CC was carried out in an untimely spirit of autonomous codification. Only in October 2002 was a relevant draft introduced in Parliament, and it only received its first reading on November 18, 2003. The draft Law on PIL copied the provisions of Book 8 of the draft CC. Nevertheless, the MPs and their experts were so careless that they included (with various mistakes) the provisions of the earlier, not the latest version of the draft CC. This meant that all the improvements made between 1997 and 2000 were missing.

The draft Law on PIL has been before the Committee on Legal Policy of the VR more than 2 and a half years. It should be noted that this Committee has failed to organize a transparent consideration of the document. It is enough to say that the draft, submitted for the second reading and finally adopted without a third reading, was never published or placed on the web site of the VR beforehand. As a result, the Law “On Private International Law” (the Law) adopted on June 23, 2005 contains numerous mistakes, inaccuracies and back-offs from the progressive rules. The Law has not been considerably improved by new provisions in the system of internal conflict norms and norms of international civil procedure introduced by the Law of Ukraine “On providing changing in some laws of Ukraine for regulation questions of private international law” of January 21, 2010³³.

³² See: Comparative Table to the Draft Civil Code of Ukraine (Third reading) of July 8, 2000. – K., 2000.

³³ Vidomosti of the Verkhovna Rada of Ukraine. – 2010. – №12. – Art.120.

*Muravyov V.**

LEGAL REFORM IN UKRAINE

In Ukraine economic, political, legal and other reforms are delayed. Transition from command economy to market was not easy and the reformers themselves, including those involved in legal reforms, still struggle with the remnants of Soviet mentality.

Legal reforms are on the agenda for the past two decades since Ukraine's independence, having become more urgent after the accession to the Council of Europe in 1995 and signature of Partnership and Cooperation Agreement in 1994 when the country moved closer to the EU.

Now the Association Agreement is due to be signed soon, but its signature will be hardly possible without prior completion of relevant reforms. Unfortunately all said above did not accelerate the reformation process whereas the efficiency of what has been and is being done is rather low.

So what are the factors that determine the course of legal reforms in the country?

Until recently legal reforms in Ukraine were aimed mostly at power consolidation in the hands of those who then had power. Democratization, human rights protection, and other country's vital interests were not among the priorities of legal reformation. The main task was getting more power to control money flow. The reforms were made by few insiders without broad public debate.

Legal reforms had no reference to social and economic changes, without this relationship, however, any reform stalls. Factors shown above generated legal nihilism in the society and the Parliament itself has become a major offender enjoying virtually no support of the society. Strong evidences are a two-meter high fence and numerous militia units patrolling Parliament premises.

Unreformed law enforcement bodies violate human rights, which shows itself in the number of complaints brought to the European Court of Human Rights by the citizens of Ukraine. The country is the fourth among European countries, considerable share of pleas being against law enforcers.

Political reform

To overcome the crisis during Orange Revolution in December 2004 the Supreme Council adopted law No 2222-IV "On introducing changes into the Constitution" and (in one package) "On amendments to the law on presidential elections". The package initiated political reform that introduced the transition from presidential-parliamentary to parliamentary-presidential republic, formation of the government by the coalition of parliament factions, and prolongation of the term of the Supreme Council to 5 years. After V. Yanukovsch and the Party of Regions came to power on October 1, 2010 the Constitutional Court of Ukraine recognized the law "On introducing changes into the Constitution" of December 8, 2004 such that contradicts the Constitution of Ukraine. The grounds for the ruling were violation of the hearing procedure during law discussion and adoption. The Constitutional Court of Ukraine re-enacted the Constitution of 1996 and instructed state bodies to bring the legislation of the country in compliance with June 28, 1996 wording of the Constitution.

* Doctor of Law, Professor, Head of the Department of Comparative and European Law, Institute of International Relations, Taras Shevchenko National University of Kyiv

In this way the powers of the president were considerably broadened and those of the Parliament diminished. However, one can hardly call it a reform.

Therefore another constitutional reform is on the agenda in Ukraine, although the authorities still have no clear vision of such reform. Recently aiming at the preparation for the constitutional reform The Commission on Democracy and Rule of Law has been formed. Unfortunately the Commission has insufficient representation of Ukrainian scholars and independent constitutional law experts. The National Constitutional Assembly is also said to be on the agenda. A separate task force was set up to work on election law.

It is vitally important to correlate the components of constitutional reform and accord the latter with social and economic reforms.

The Venice Commission advises that Ukraine should undertake a new constitutional reform. It is to be made by the Parliament as by a legislative body elected by popular vote: it is to specify a clearer mechanism of checks and balances as well as introduce judiciary reform and revise the powers of the Prosecutor General.

Administrative reform

Administrative reform must introduce gradual formation of rational mechanism of state governance which would allow to considerably strengthen and improve executive power, deepen its interaction with local self-government bodies, provide for civil participation in state policy formation.

The Constitution of Ukraine of June 28, 1996 became legal platform for administrative reform. Later on during 15-year period central government took certain steps to determine the goal and vectors of administrative reform.

On July 22, 1998 the President signed Decree No 810/98 "On measures to introduce the concept of administrative reform in Ukraine". The Decree states that the reform will be based on the guidelines of the Concept of Administrative Reform developed by the State Commission on Realization of Administrative Reform in Ukraine.

Having analyzed the state of fulfillment of the above provisions one would observe that the tasks put had not been fulfilled and only some normative act had been adopted.

In 2010 the Law of Ukraine "On Civil Service" was adopted.

The functions of ministries and agencies were optimized, steps were made to avoid doubling and reduce the number of workers. In this context attention is to be paid first and most of all to Presidential Decrees No 1085/2010 "On optimizing the system of central executive bodies" of December 9, 2010 and No 370/2011 "On issues related to optimization of the system of central executive bodies" of April 6, 2011. However strange it may seem, the optimization also affected the Bureau of the Secretariat of the Cabinet of Ministers dealing with European integration.

The law "On the Cabinet of Ministers" was adopted in 2011. It stated that ministers' posts were to be considered political and hence not covered by the law "On Civil Service".

Also in 2011 the law "On Basics of Prevention and Fighting Corruption" was adopted. That initiated the formation of Single register of persons brought to responsibility for corruption.

Generally speaking, to the goals of administrative reform steps taken by the authorities must be systemic and mutually correlated.

Judiciary reform

1996 Constitution made judiciary an independent branch of power. As concerns judiciary reform the most important for it is the law of 2010 "On judiciary and judge status".

According to this law the judiciary system is formed by courts of general jurisdiction and a court of constitutional jurisdiction. General jurisdiction courts consist of local courts, courts of appeals, high specialized courts and the Supreme Court.

According to the law the Supreme Court of Ukraine is regarded as the highest judiciary body in the system of general jurisdiction courts, whereas high specialized courts are regarded as the highest judiciary body in the system of specialized courts (Art. 17).

The principle of instances has been also changed. The Supreme Court being in the list of appeal instances together with courts of appeals and cassational courts allows to speak about the existence of the fourth instance. This, however, does not bring us closer to European standards since such an arrangement is virtually missing in Europe.

Judiciary reform has not resolved the issue of case hearing jurisdiction. After the reform there is no body designed to settle case jurisdiction disputes. Before the reform it was done by the Constitutional Court.

European institutions (Venice Commission, Parliamentary Assembly of the Council of Europe) made their comments on judiciary system, types of courts and prosecution procedure after new legislation. Their comments and recommendations unambiguously show that should they not be given due attention, the judiciary system of Ukraine will hardly be regarded as complying with democratic standards of European countries which may block the EU membership for Ukraine.

Thus, considering the importance of Ukraine adherence to European legal standards the acceleration of legal reform becomes top priority. The issue is really important for protection of human rights and rule of law in the country as well as for the national interests as a whole.

Rohach O.*

UKRAINE-LITHUANIA ECONOMIC COOPERATION

Ukraine-Lithuania Trade Relations

Foreign trade exchange between the two counties has been growing steadily within the past years. In 2000 -2010 it increased more than four-fold (Fig.1). According to the State Statistics Committee of Ukraine, in 2010 foreign trade exchange between the two economies amounted to US\$901.9 mln. That period saw only two episodes of a decreased exchange in goods, namely in 2005 and 2009, which was due to political instability in Ukraine (2005) and the world financial crisis that not only hit Ukraine, but also complicated the economic situation of Lithuania (2009). 2008 witnessed the absolute peak in exchange in goods, when the exchange grew by US\$400 mln in comparison with the previous year.

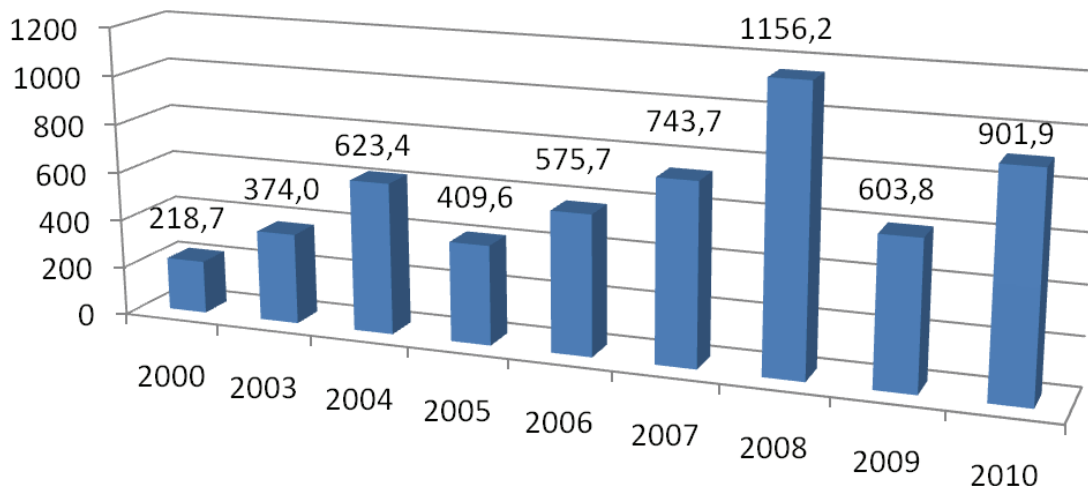


Figure 1. Foreign Ukraine-Lithuania Trade in 2000-2011 (mln US\$)

The 2011 data suggest that the peak may even be exceeded. In January 2011, that is within 7 months, the foreign trade in goods between Ukraine and Lithuania, as compared to the similar time span in 2010, increased by 29.5% and amounted to US\$579.0 mln. At that, Ukrainian exports amounted to US\$188, 8 mln, (+57. 5%), exports were US\$390, 2 mln (+18.7%), the negative trade balance being US\$201.4 mln.

Table 1
Foreign Ukrainian Trade: 2011 (January – July)

	Exports		Imports		Balance
	thsd. USD	in % to January-July 2010	thsd. USD	in % to January-July 2010	
Lithuania	188783.4	157.5	390197.5	118.7	-201 414,1
Estonia	94548.8	179.1	54298.4	76	40250.4
Latvia	136377.8	143.4	48640.9	100.1	87737
Baltic countries	419710	—	493136.8	—	- 73 426,8

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When comparing Ukraine’s volumes of trade with the Baltic States (see Table 3), we can see that Lithuania is our major partner among these states. Furthermore, the conclusion also holds true not only in respect of Ukraine’s exports (45% of Ukrainian exports to the Baltic States), but also concerning imports (79 per cent of Ukrainian imports from the Baltic States).

It should be mentioned that Ukraine has a negative trade balance with Lithuania. Moreover, the trend has been observed for a long period of time. In the past few years negative trade balance has grown considerably. Last year it reached US\$373 mln; in the current year it is likely to be even higher, US\$201 mln for the seven months in 2011.

Major Ukrainian supplies to Lithuania are ferrous and non-ferrous metals -19%, machinery and equipment - 10%, timber and wood products - 9%, food industry waste - 8%, crop products – 7%, off-the-shelf food products – 6% (Fig.2).

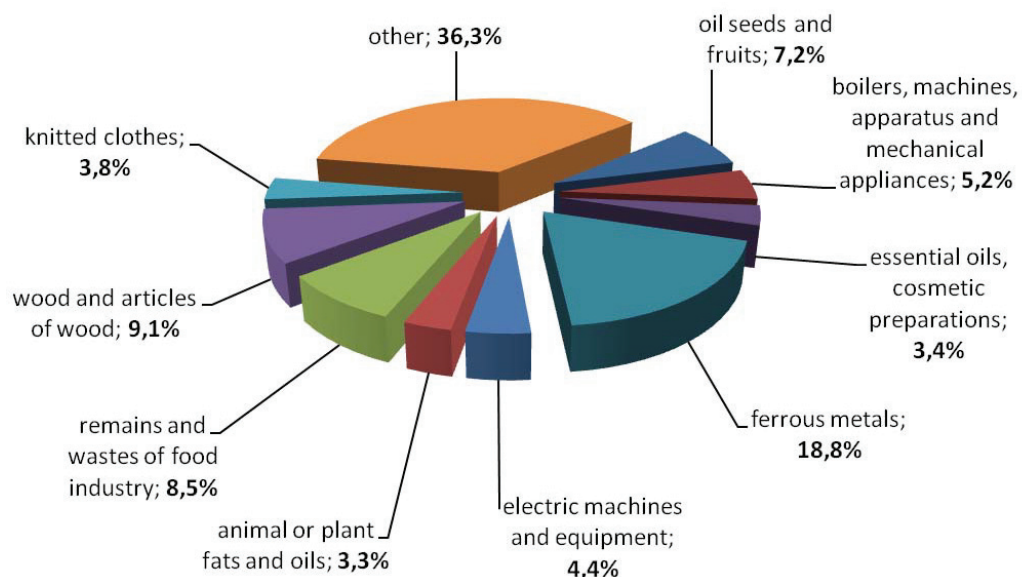


Figure 2. Ukrainian Export Structure to LR 2010

The Lithuanian export pattern to Ukraine was as follows: petrochemicals - 76%, polymerized products and plastic materials - 5%; machinery and equipment - 4% (Fig.3).

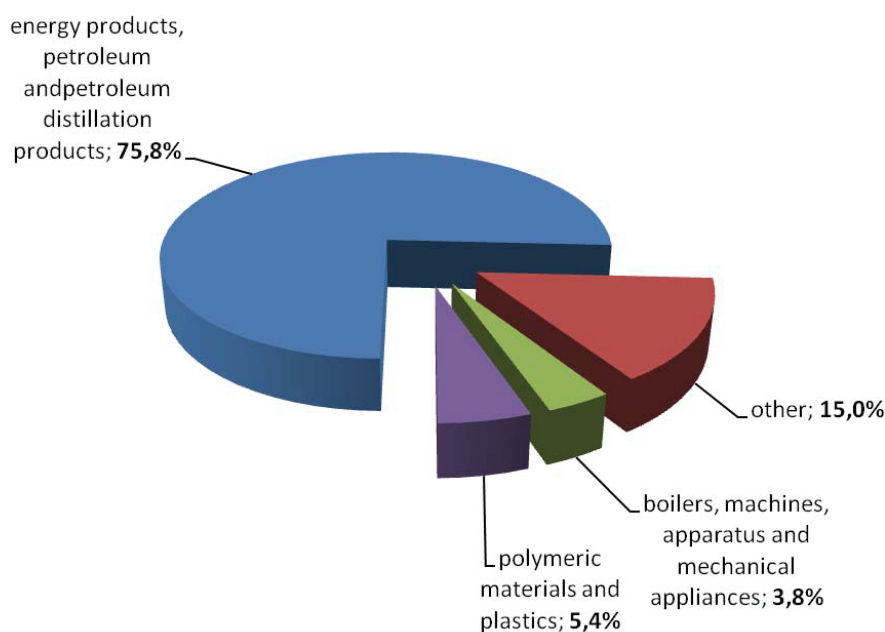


Figure 3. Lithuanian Export Structure to Ukraine 2010

One of the crucial issues here is the changing of the structure of trade. When comparing the current Ukrainian structure of exports and imports with 2006, one can see that the Ukrainian exports have become more diversified (e.g., the share of metals dropped from 50% to 19%). Meanwhile, in the

Lithuanian exports structure, the share of the main item (petrochemicals) has considerably risen from 46% to 76%.

Among the major tasks that Ukraine is facing in its trade with Lithuania are the following ones:

- to ensure the sustainable growth in export and imports volumes;
- to reduce the negative trade balance;
- to further diversify export-import structure;
- to increase the share of exported high value-added goods, especially in the processing industries;
- to make its goods more competitive, especially with the view to prospective Ukraine-EU Free Trade Agreement.

Foreign direct investment

Foreign direct investment flows to Ukraine has significantly increased in the last decade. While its total and per capita accumulated foreign direct investments are not at par with those of some Central and East European economies, Ukraine still has a significant potential for foreign investors.

The relatively large and growing marketplace, availability (or maturity) of inputs, infrastructure, economic and geographic situations should be mentioned among the advantages, to name but a few. Ukraine harbours sizable raw material resources along with production and transportation infrastructures (coal, iron and manganese ores, sulphur, mercury, titanium, marble, mineral salts, gypsum, alabaster, etc.).

Ukraine belongs to the leading group of countries with high literacy rate. Relatively high standards of labour force quality are corroborated by the UN Human Development Index, well above average. Relatively cheap high-skilled labour also makes Ukraine attractive for direct foreign investments. Despite official wages and salaries rates keep growing in the structure of population income, the gap in the labour cost between Ukraine and developed economies remains rather significant.

When Fleming/SARS Consortium looked into the motifs of foreign direct investing in Ukraine, it found out that the major bulk of foreign companies find the scale and growth potential of the Ukrainian market, along with prospects of access to a new regional market to be among the critical factors. High-skilled labour and cheap production factors were minor factors for the FDI. Tax incentives and access to research and development attainments were not considered essential.

According to the State Statistics Committee of Ukraine, as of July 2011, direct Lithuanian investments to Ukraine totalled US\$87.7 mln (about 0.2 of the overall amount). Ukraine ranks 6th among the recipient states of Lithuanian investment.

Table 2
FDI in Ukraine from Baltic countries (mln. US\$)

	Volume of direct investment as of	
	1/1/10	1/1/11
Lithuania	81,9	83,5
Latvia	87,5	82,5
Estonia	137,4	128,7
Total from Baltic countries	306,8	294,7

Within the framework of investment projects, about 270 enterprises with Lithuanian capital operate on the Ukrainian territory.

In a similar way, foreign direct investment has been growing within the last decade, with only two years excluded. Somewhat reduced FDI was noticed only in 2005 and 2010, the reasons being the same as in trade.

When comparing the positions of the three Baltic States in the field, Fig.5 shows that Estonia ranks first, which has considerably outpaced both Latvia and Lithuania in FDI to Ukraine.

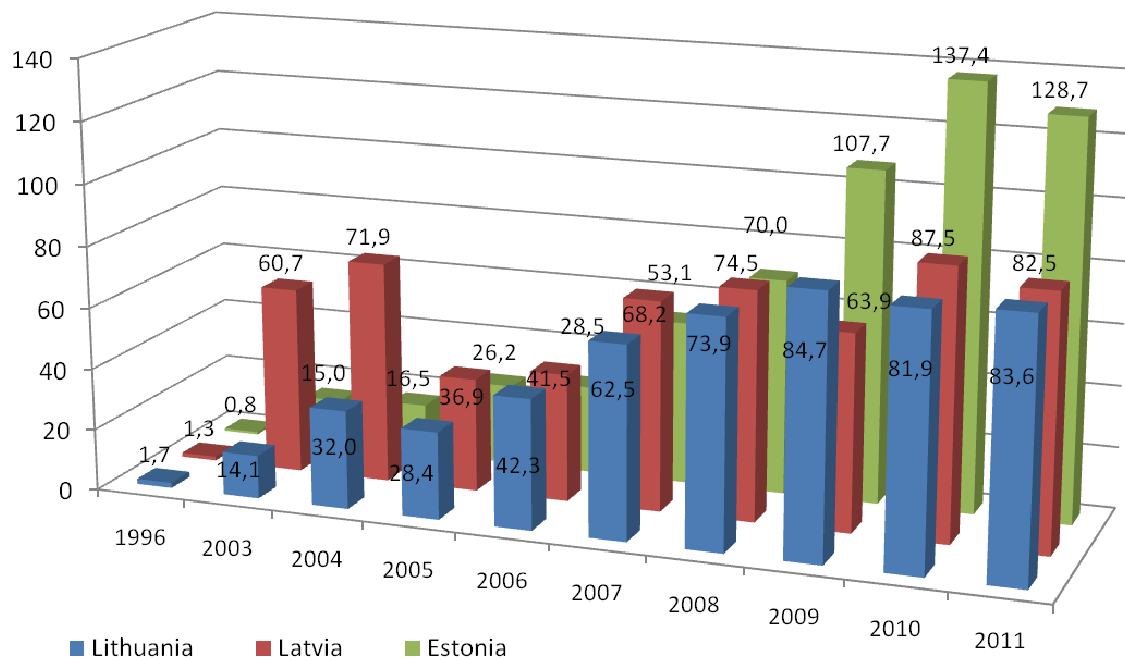


Figure 4. FDI from Baltic countries to Ukraine 1996 - 2011 (mln.US\$)

Ukrainian-Lithuanian trade and economic relations are governed by a number of bilateral documents, inter alia, by the Agreement of Promoting and Mutual Protection of Investment, the Convention on Avoiding Double Taxation and other agreements covering finance, customs regulations, administrative assistance among tax institutions and the like. As of today, the Ukrainian-Lithuanian regulatory framework in the field of trade and economic ties consists of 65 intergovernmental and interbranch treaties and agreements, and also agreements on regional cooperation.

The Lithuanian business is mostly interested in furniture making, wood processing, construction materials production, real estate and construction.

Among the enterprises that are actively involved in our country the following Lithuanian businesses stand out: JSC Hanner, JSC Utyanos Trikotazhas, PC Arvi, JSC Vakarų miadenos grupė, PC BT Invest, PC Kalvis, Kraytiane, Paneviezhio Kialei, Narbutas and Co, Neollitas.

To quote an example, the well-known Lithuanian knitwear manufacture Utyanos Trikotazha bought out the controlling interest in Mria Mukachevo Garment Factory and invests US\$10 mln in the daughter enterprise. Most of its output is exported to Lithuania, Norway and Sweden. Yet another successful business project is in Viking Logistics Project. It is cited as one of the best logistic projects of Europe in 2010. Viking provides transit cargo transportation from Klaipėda through Byelorussian territory to Odessa and Illichivsk.

In 2005 almost 100% shares of the Ukrainian Agio Bank were bought out by the leading Lithuanian banking institution SEB Vilniaus Bankas, which transferred to Ukraine 80 mln litas

(around US\$32 mln). In August 2006, Šauļi JSC Neuastienu miaghagu Fabrika bought Ukrainian Bofika in Berdychiv, Zhytomyr Oblast. Another successful project is Kalvas -Volyn Company producing solid fuel boilers. Now, the town of Kovel makes very much sought-after equipment for Ukrainian consumers.

The overall amount of direct investment from Ukraine to Lithuania equalled US\$ 3.9 mln. on 01.01.2010. As of June 2011 the State Committee of Ukraine did not make public the data quoting the Law of Ukraine on Statistics concerning information confidentiality.

Three enterprises have been registered. Ukrainian entrepreneurs do not find the Lithuanian market sufficiently large, while the major cause of minor investments in the Lithuanian economy, at the moment, is noticeably high prime cost of production in the Lithuanian Republic. At the same time, it is rather revealing that in the latter half of 2006 Ukrainian Roshen bought 100% shares of Klaipedos Konditeria, which is estimated at about US\$2 mln.

Both Ukraine and Lithuania have a considerable growth potential for FDI attraction. This potential, however, especially as far as Ukraine is concerned, has been largely untapped. The Ukrainian Government should do a lot to improve the investment attractiveness of its state, to build up its investment competitiveness.

Slides 15, 16, and 17 prove the differences in the positions of our nations in the field. Regrettably, the Ukrainian positions look too modest. In this respect Ukraine should thoroughly look into and learn from the Lithuanian expertise in order to develop transparent, understandable for investors competitive environment, combat corruption, reduce business regulation and grant larger investment freedom.

*Vergyn V.**

IDEOLOGY AND INTERNATIONAL BUSINESS: THE DIALECTIC OF THE RELATIONSHIP AND INTERACTION

New phenomena and processes occurring in the institutional and functional structure of modern international business under the influence of globalization, scientific and technological revolution, and environmental factors have increased, among other things, the relevance of issues of interconnection and interaction between ideology and business, both national and international.

The concept of "international business" by its meaning and economic component is complex and multifaceted. Its study is possible and necessary at different levels of theoretical analysis and synthesis, which requires a clear, systematic methodological approach to determining the criteria, principles, logical interaction and subordination of concepts "business - international business", "ideology – business", interaction within the triad "scope of activity - category - science".

The term "business" in modern literature implicates the legal activity aimed at profit. In American dictionaries and course books the concept of "business" is comprehend as a commercial activity that determines the existence of man and allows him to be independent in his free will on decision-making.

Since the Soviet times, the concept of "business" had been used with a vivid negative, furthermore ideological context. It could be found in dictionaries, economic, philosophical, political, legal encyclopedias and reference books. Business, entrepreneurial activity had been related with a personal profit. Businessman was perceived as a capitalist, whose primeval goal was above all to gain high profits and he was ready to use any means to achieve it [4, p. 35]. Withdrawal of formational-class approach, establishment of market relations in post-communist countries have changed the attitude and approach of determination the nature of business and international business in particular. International business as a separate and independent sphere of human activity can be defined very widely and, in fact, can be construed as any business transactions that are performed by individuals, companies and other (private and public, non-profit) organizations of two or more countries outside of national borders for profit. International business as a category is applicable when goods, resources, capital and labour force cross state borders. However, international business is an integrated system of economic relations between various economic actors from two or more countries, has its own consistent patterns and effects specific interests, connected with the use of the advantages of international division of labor and factor allocation on the basis of synergy partnership. Furthermore, international business is also a certain social and ideological phenomenon with a complex system of numerous entities, attributes, components, tools, direct and inverse relationships and the factor of social-economic development of the country.

At a higher level of theoretical analysis international business is considered as an economic category, as well as independent science. As economic category it is the abstract, logical, fun-

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damental, theoretical concept, which on general basis reflects significant properties of economic phenomena and processes, shows alternative form of business activity. This category is a complex term with a historical and logical nature. It is in close connection with other categories of economic processes, phenomena, objects and subjects. The historic aspect of the term "international business" lies in the determination of historic development, along with evolution of forms, types and scales of entrepreneurial activity.

At the same time international business is represented as a separate science, which appears in the form of knowledge about specific, real economic processes, business activity and entities of the world market, its forms, kinds and types, organization and management of foreign economic operations and companies. As a science, international business discloses, formulates laws and principles, has its own methodology and analytical methods, objects and subjects of study. The ideology of modern international business founds itself on the basis of methodology, a system of scientific knowledge about methods, ways, means and tools of understanding and interpreting the business reality in its complexity, interaction and evolution.

At all the stages of development, including modern, international business had an ideological orientation, contained an ideological component. The result of any business activity ultimately had two forms – a product (in its either materialistic or no materialistic form) and a human with their qualities, motivation, worldview, belief system, ideas, which reflect certain economic relations that contain the goals and programs of social as well as business activity. In the most basic form the ideology of modern international business can be realized as a set of ideas, opinions, concepts, traditions, values that reflect relationships with both inner and outer societies (economic, political, technological and cultural). Such ideas determine rules and standards for business entities (companies and firms) in society at national and international markets. The history of formation and development of international business demonstrates its ideological orientation. On the initial stage of capital accumulation and the Great geographical discoveries, the development of international trade and formation of the world market, the dominant business thought advocated the ideology of mercantilism. The transition to capitalism with its "spirit of entrepreneurship" (V. Zombart), free competition changed the entrepreneurial ideology that appeared in expression of various concepts of classical and neoclassical schools, including theories of international trade, capital flows and investment, transnational corporations, international banking and loan business, management and marketing.

In a much wider scope, the substantial (epistemological) basis and ideological orientation of the modern international business, as well as the whole system of world economic relationships, is "postneoclassic" economic doctrine. The latter forms the theoretical and methodological framework, "defines the economic outlook, economic system of knowledge, market instruments and mechanisms of self-development of economic structures on micro, meso-, macro-, meta- and megalevels" [9, p. 55]. The ideological grounds of modern international business comprise of the concepts of neokeins study and synthesis, neoinstitutionalism together with neoclassical concepts, which all together disclose and explain relationships and patterns, problems and trends in various types of modern international business.

The connection between ideology and international business can be most vividly seen in various types and forms of business activity, including management and marketing, venture and offshore business, competitive corporate strategies. Thus, in international management ideological component is practiced in models and structures of corporate management (American, European, Japanese), styles and methods of personnel management (cross-cultural management).

One of the ways to implement the ideological orientation in nowadays international business is implementing corporate social responsibility (CSR), along with business and capital so-

cialization. The latter is both a kind of the corporate ideology and a neoliberal basis of a conceptual model and is treated in the scientific literature as ethical behavior, responsibility and social orientation of the companies, as a way of responding to social problems [5, p. 24].

The concept of corporate social responsibility was formulated in the middle of 70th of the twentieth century and it includes a number of key principles and provisions, the observance and implementation of which contributes to the development of companies expanding their capacity for effective business and strengthens the international competitive position. The concept comes from the fact that social responsibility is derived from public authorities, that business should act as a transparent system and that the social expenditures should be carefully calculated and eventually paid by both the consumer and the companies, individuals should be involved in the responsibility for solving social problems.

At the end of 90th the key provisions of the concept were reflected in the code of conduct for transnational corporations, developed by a number of international organizations and announced at the World Economic Forum in Davos in December 1999. The Code includes nine principles of corporate social responsibility, including support for international human rights within the corporate activities, recognition of the rights of unions to establish associations and conclude a collective agreement, elimination of all forms of forced labor, support and promote the environmental responsibility and implement environmental technologies [7, p. 74].

Integration of corporate social responsibility in the sustainable development strategy of Ukraine, national companies and firms in the global financial crisis, as well as transformation processes in the world economy, opens the possibility for them to focus on key priorities of their business activity, shift to the social policy, adding to it a number of anti-crisis measures, combining social, ecological aspects with economic priorities. In addition, this approach allows companies to evaluate their potential competitive advantage, resulting from investment in socially important programs and projects [8, p. 189].

The importance of corporate social responsibility integration to the sustainable development strategy of countries and companies also is confirmed by the fact it became a topic of discussion at the International Economic Forum in Davos (January 2009) under the UN Global Compact. Today the Treaty is an international initiative, covering more than 6000 companies and organizations in 130 countries. "According to modern economists, corporate social responsibility is essential for healthy functioning of the economy, and its decline or absence is of extreme difficult in overcoming the crisis" [10, p. 12]. Companies that adhere to the principles of corporate social responsibility in the crisis conditions will maintain the trust of consumers and society. From early 90s within the developed market economy countries, corporate social responsibility transmitted to economic dimension, which is manifested through formation and evaluation of new market segments. According to experts of the Boston Consulting Group, in socially active companies sales returned on 3%, assets on 4%, capital and shares higher than 10% than in the corporate structures that do not adhere to the principles of CSR [11, p. 17]. In addition to various studies about the level and extent of the relationship of corporate social responsibility of business income, the global practice introduced and used system of indicators of sustainable development and social activity of companies.

The transition to sustainable development strategy requires changes in the social responsibility of Ukrainian companies, transformation of management system, corporate governance and competitive strategies. The crisis has significantly reduced the market possibility of national business, adversely affected the practice and standards of corporate social responsibility. In these conditions the majority of Ukrainian companies have to optimize their costs, including those on social initiatives. Unfavorable pricing environment, reduced demand for domestic products on

world markets, and therefore reduced output, inflation and rising tensions in the labor market leave no choice for national business but to find ways of optimizing wages deductions (reducing the number of employees and salaries) on staff development and social programs. However, there has not yet been any significant adjustments to corporate social responsibility strategies from government and Ukrainian companies. Yet made have only been reductions in personnel, staff and administrative costs, wages, switching to part-time employment.

Nevertheless, there are some Ukrainian companies adhering actively to CSR strategies even in a tough environment of global economic and political challenges. Launched in 2008, the ranking of transparency and activity of Ukrainian companies in CSR showed that these companies best addressed the social aspects in their own business.

Among the international branches operating in Ukraine, the ranking (in corporate social responsibility) is headed by "Siemens-Ukraine", "Coca-Cola", "Intel Ukraine Micro-Electronics LTD", "Ernst and Young" and others [4, p. 30].

The ideological orientation of international business is represented by multinational corporation such as the "Ernst & Young," which has been operating in Ukraine since 1991. The company is a global leader in audit and consulting, tax regulation, transaction maintenance, there are about 500 people employed in its offices in Ukraine [1, p. 52]. According to the report, "the company is focused on responsible business, and employees dedicate their time and experience on projects that make the world a better place. It is the vision of the role we play in society and our responsible approach to the development of local communities and society as a whole " [1, p. 2].

The ideological content of social projects in education, entrepreneurship and environmental protection is that their implementation improves the image of the company, strengthens its position in the global competitive environment, and provides its perception as an objective element in the society.

The process of business socialization is closely connected to capital socialization that has its economic dimension in concluding contracts, deducting in transaction spending, which in return reduces the overall cost of conducting the business. One of the authors of the theory of transaction costs, Nobel laureate R. Coase in his work "The Nature of the company" had proved that the latter is "an expenditures on the preparation for (gathering information on the prices of consumer preferences and intentions of competitors), concluding and execution of contracts and the cost of local activities within the firm" [2, p. 128]. Joint actions of managers and employees of the company, their formal and informal relationships and norms of behavior lead to lower costs of the preparation and execution of the contracts, including organizational and ideological orientation of these processes. R. Coase's ideas on the impact of transaction costs and joint actions on common efficiency and the ideology of business were taken up and developed in the works by George Stigler (the theory of industrial organization), D. North (klyometry and new institutional theory) and G. Becker (human capita theory) [3, p. 657]. The results of capital socialization contribute to the foundation and development of new business, thus becoming the factor of minimizing the negative effects of the global financial crisis, transition to sustainable development with driving to appropriate strategies.

The ideological orientation of modern international business processes can be found in a variety of competitive strategies that are used by both national and multinational companies in their activities on global, regional and national markets. Corporate strategy, as a certain system of values and actions of the company, aimed at implementing the goals, objectives and priorities, taking into account the complex of internal and external environmental factors, including political, economic, social, ideological, can be transformed depending on the types and forms of international business activity.

Such a transformation is an outcome of globalization processes, developments of scientific and technical revolution, shift in society demands, interests and values. Concrete competitive strategies as leadership, differentiation and focusing drag the main attention, on the one hand, to specific groups of consumers, their values and preferences, while, on the other, they facilitate the establishment of new social values, shifts in social and economic structure of society, formation of new theoretical views on business activity.

The corporate social strategy completely fulfills the goals, principles and functions of ideology. Apart of the main goal of competitive strategy - ensuring the interests and attitudes of consumers and gaining profit, the companies also create and formulate ideas, represent the elements of corporate culture and ethics, establish firm values, represent themselves in the external environment. The ideological orientation of international business and competitive strategies finds its way through formulation, implementation and promotion of values that carry out social principles (axiological function of business ideology), employees unions based on mutual perception of certain ideas, intangible interest in work (motivation function), providing the employees with understanding of their role and place in the company, as well as finding differences between partners and competitors (identity function), forecasting, formation and explaining of business objectives, assistance in elaborating of company's strategy (prognostic activity).

Thus, the ideological orientation of the modern international business is manifested not only in theoretical models and concepts of various economic schools representatives, but also in practical foreign policy of countries, corporate strategies, goals and objectives of the companies, their management and marketing. The ideological component in one form or another is inherent in virtually all types and forms of international business as spheres of social activity and independent science.

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*Holovchenko V.**

HISTORICAL SOURCES OF UKRAINE'S FOREIGN POLICY CONDUCT AND POLITICAL CULTURE

Ukraine is the border state, that it is reflected not only in its name but also in a location westering of Large Eurasian steppe which is stretched out from the Great Hungarian Plain to the hills of Manchu. So-called „breaks” pass its territory between western christian, orthodox slavonic and by an islam civilization groupments, that is brightly expressed in the foreign-policy orientations of different regions of our state. Border bipolarity of Ukraine appears even in a location on its territory of geographical center of Europe in Carpathians and Eurasian geopolitical pole in Crimea. Thus, Ukraine is on the geopolitical landmark of continent which connects the European and Asiatic systems, at the same time it is included in the so-called Eurasian diameter: Portugal/Ireland – France - Germany - Poland - Ukraine - Russia - China - M'yanma - Thailand – Malaysia – Singapore.

On well-aimed determination of the acknowledged classic of modern political science of international relations of Z.Brzezinski, such objective geopolitical reality, in essence, converts Ukraine into a geopolitical center [1, c. 61], on the state, whose value swims out not from its military-economic to power and motivation of actions in the international arena, but from importance of place of location and consequences of it potential impressionability from the side of geostrategic powers. By them for today for our state there are the USA, Western („Old”) Europe (what on this time present more sharp-edged Euro-Atlantic association) and Russia. Regional meaningfulness of Ukraine is presently predefined importance of functions of communication link between technologically superdeveloped Europe and rich on resources regions of Middle East, Caucasus and Central Asia (on consisting of businesses of the last region the growing Chinese „center of power” has a large influence).

But raising in the historical-political retrospective view of question „Ukraine between East and the West”, when the place of civilization influences is examined in forming of “ukrainstvo”, to our opinion, is unacceptable. Ukraine always came forward a legal member both Greek-Byzantium and Western cultures, permanently trying creatively to synthesize these two traditions, foremost, in the majestic epochs of the history, - at Kievan Rus and the Cossack State of the 17-18th centuries. Having (in scientific and cognitive plans) no prospects to talk about Ukraine with ostensible goodwill, as it is loved to do the known foreign politicians and diplomats, but at the same time as about nation and state which always aimed to be somewhere laid. Without a critical study and account of it own historical interests – state, geopolitical, civilization, socio-economic – it is impossible to understand the principle fact, that modern becoming of Ukraine as a nation-state, – natural and logical result of its past way.

Yet almost thousand years back, at the solemn sanctifying mainly on Rus of temple – Sofia Kievan, presviter of palace church of Apostles - Illarion spoke in view of Grand Prince of Kiev Yaroslav the Wise „Word about a law and plenty”. It is soon fated was him to become the first metropolitan-Ukrainian (1044-1053), and after displacement from a department on call of

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Byzantium – under the name of monk Nikon the Great to fix tradition of domestic annals and lead the glorious Pechersk monastery. In the speech the known philosopher and bookman formulated the patriotic version of world history, taking in it the honoured place to Kievan state and prophesying the majestic future of its people.

With an exhaustive capacity and at the same time brevity prince's confessor outlined the place of Rus and its rulers in of that time Ecumene: „All edges, and towns, and people, will honour and glorify each, that which taught the teacher them to the orthodox faith. Will praise and we, on force to our, though by small praises, that, who large and strange matter created, our teacher and tutor, large khagan of our land - Vladimir, grandchild of Old Igor, and son of glorious Sviatoslav, about a courage and bravery of which in the years of his dominion an ear spread on many sides, and victories of him and power pass and remembered yet and presently. Not in poor because and that ruled a terra incognita, but in Russia about which to know and hear earths on all four ends of earth”.

For many ages to the epoch of positivism, practical registration of diplomacy and science of international relations, political sociology, marketing, and science about imagery, the main representative of original spiritual academy, which concentrated round Yaroslav the Wise, caught essence, after modern terminology, keeping of Rus on the fracture of early and developed dark Ages. Glorified in songs and Varangian sagas, glorified domestic chronicles, described in the Byzantium and Western-European chronicles, outlined on the maps of the Arabic and Persian geographers, Kievan Rus for the days of it active territorial expansion and relative administrative centralization of the end of 9th – first third of 12th centuries was or by the not most on an area state of Medieval Europe (about 1,1 million sq km and near 4,5 million population).

In history of Eastern Europe it is belonged to its special place, analogical because the empire of Charles the Great and Lui I 800-843 occupied in history of Western Europe as a direct predecessor of modern France, Germany, Italy, Switzerland, Belgium, Netherlands and Luxemburg. Hugging enormous territory – from the Baltic Sea and the Arctic Ocean to the Black Sea and from Carpathians to Volga, - the Rus made historically an important contact area between Arabic East and Western Europe, Byzantium and Scandinavia. It stipulated the rapid development, including it in the European historical-cultural landscape and system of international relations of the developed dark Ages.

It is hard to over-estimate the payment of Kievan Rus to political and diplomatic history of medieval Europe and Asia. About the strong Eastern-Slavs state began to speak in different parts of the Old World. Present the Kievan state as mighty country, which occupies information of the Arabic and Byzantium authors, information of Scandinavia's sagas, French epic works (only in 28th French “chansons de geste” Rus is remembered all about 70-ty times), occupies an important place in the system of European political and economic ties. Famous Old-French knight's epos „Song about Roland” (about 1170) testifies participating of Rus' warriors in the war against Charles the Great. Byzantium historian and statesman of the 12-13th centuries Nikita Khoniati marked in the „Chronicle”, that „the most Christian” rus people rescued Byzantium from the invasion of nomads.

Simultaneously with international confession of Rus the awareness of own involvement grew and got strong to the world history, understanding of the place in the system of international relations of that time world. Not by chance on the chinks of Vladimir the Great at the beginning of the 11th century the Grand Prince of Kiev is represented as the Byzantium emperor. The strategic foreign-policy task of the first members of Rurikovich dynasty (Igor and Olga, their son Sviatoslav the Conqueror and his direct heirs - Vladimir the Great and Yaroslav the Wise) was to claim of Rus in the quality of the eastern European power center of Christian Ecumene, iso-

metric Byzantium superstate and „Roman empire”, to born-again coronation of the German monarch Otton I (under the name of August) in Rome on February, 2 in 962.

In a tense fight for realization of such scale purpose the Kievan rulers tested the rich arsenal of both peaceful (diplomatic) and soldiery (power), facilities. Thus unlike most states of time of Early dark Ages, that in foreign-policy questions gave obvious advantage force, the Rus skillfully enough combined battle actions with a negotiations process. Whether the first convincing certificate of sure output of sovereign Rus on an international scene was demonstrated by the new *Annales Bertiniani* (brilliant annalistic sight of „Karolings’ revival” of the 9th c.) about arrival in May of 839 to the franks’ emperor Lui I in Ingelgeim of the embassy of the Byzantium emperor Theophilus. As an author of chronicle marked bishop Prudenci, speech went in the sheet of Theophilus about „some [people], which talked that them, that their people, named Ros [Rhos], and which, as they talked, tsar their on the name of Khakan [Chacanus], sent in him [Theophilus] for the sake of friendship”.

The ruler of Byzantium asked Lui I, that „kindly enabled them to return [in the country] and guard on all empire, as ways, which they arrived to him to Constantinople went among barbarians... and he would not like, that they, returning by them, got in a danger”. Lui ordered to find out, who those ambassadors-dews were, and thorough investigation testified that they „belonged to nationality Swedish [eos gentis esse of Sueonum]”. Counting them „quick by secret service agents”, both in Byzantium and in his empire, Lui decided to detain the „guests”, „that it is possible it was for certain to know, whether with good intentions they came there or not”. About the subsequent fate of ruses embassy *Annales Bertiniani* are quiet [2, c. 23-24].

From this report it is evident, that in the second fourth of the 9th century in Western Europe did not yet know about Kievan Rus, but appearance of ambassadors of ruses „khakan” (khazar’s transcription of Turkic title of „khagan” is a „great khan”) in Constantinople, as well as Byzantium in Ingelgeym, looks fully logical. The Byzantium empire suffered from the offensive of Arabic Caliphate, in summer of 838 in a battle on Dazimona plain in a captivity an emperor Theophilus barely not got to the Arabs, there was a threat directly to Constantinople, that is why the idea of „cross hike” became actual against the Moslem world.

Only two decades passed after the events described higher, as the Rus loudly reported about the existence, compelling to begin to tremble mighty Byzantium. At dawn on June, 18 in 860 Constantinople is the capital of Empire, whose scornful attitude toward other and especially „barbarian” people was the norm of foreign policy, was attacked from the sea. 200 ships of rus’ without difficulty walked up to the bank and landed landing which began a siege immediately, a pedestrian army came in time simultaneously. The Grand Prince of Kiev Askold headed a campaign, time for attacking Constantinople was select not by chance: yet in spring emperor Mikhail III at the head of 40-thousand moved troops deep into Asia Minor for a rebuff Arabs, a Greek fleet operated in the district of Crete against the pirates, there is only an insignificant garrison in the capital. Most researchers consider that Askold was perfectly informed about foreign-policy difficulties and weakness of army of empire.

It was to leave troops an emperor in Asia Minor and with a risk for life to make way to the capital, to lead its defensive. A position of besieged was critical, as patriarch Photius remembered in the sermon, „city barely, so to say, was not lifted on spear”, that it is taken assault [3, c. 24]. But making sure in impossibility of overcoming of giant walls (only at the end of 12th c. in Rus appeared siege machines), Askold went on secret negotiations with Mikhail III and for large redemption on June, 25 in 860 raised the siege, coming home „with a triumph”. And in 867 ambassadors from Kyiv, which concluded a peaceful treaty with a new emperor Basil I, arrived to Constantinople.

Treaty foresaw proceeding in halted war trade between Rus and Byzantium, providing of the privileged status, for ruses merchants in Byzantium, and Greek - on to Rus, payment for Rus by Byzantium annual contribution and grant of military help for empire by Rus. The important condition of agreement was a consent to adopting Christianity by a prince Askold and the nearest surroundings. So „diplomatic confession” of Kievan Rus took place by the world empire of dark Ages - by Byzantium.

On the wave of strengthening of international position of Rus Askold helped a prince of the Great Moravia Rostislav defend the independence from East-Frank king Lui II the German and Bulgarian khan Boris I. But, unfortunately, in the apogee of international power of Askold's Rus of source lose it from a kind together with a ruler on one and a half decades. Chronicles again talk about Askold in connection with appearance near-by Kyiv in 882 of Varangian konung Oleg - him uninvited competitor and organizer of putsch which resulted in assertion afoot of new princely dynasty – Rurik Dynasty. However, after that comparatively short duration period of relationships with Kyiv on the basis of agreement of „peace and love” in 867 experimental Byzantium diplomacy came to the conclusion, that a north competitor lost its offensive potential.

Imperial administration began to do obstacle for ruses merchants both in Constantinople and in other large cities. But mainly, there was that Byzantium that renounced to pay Rus foreseen acceding to Askold annual contribution. Therefore in 907 the Grand Prince of Kiev Oleg is at the head of large equestrian army which crossed the territory of Bulgaria (its ruler a prince Simeon was interested in a task to blow an arch-enemy), and fleet which landed again, from everywhere blocked Constantinople and ravaged its environs. Probably, Kievan scouts, as well as in 860, successfully calculated time for the leadthrough of offensive operation against Byzantium the capital: as a result of fight of the mighty landed magnates against the emperor of Lion VI Philosopher a revolt happened in the army, and the best legions from the north scopes of the state were abandoned against the Arabs.

As well as half of century before Askold, Oleg sent ambassadors to Constantinople, that after tense negotiations with Lion VI and his junior brother Alexander concluded a treaty of the „peace and friendship” – the first international agreement of Kievan Rus, text of which was saved to our days in the Primary Chronicle by Nestor. It was succeeded substantially to decrease the sum of valid for one occasion levy the Byzantium side, but an annual contribution was widespread „on rus' towns - at first on Kyiv, and then and on Tchernihiv, and on Pereyaslav, and on Polotsk, and on Rostov, and on Lyubech, and on other towns, - because princes sat on those towns, under Oleg rule”. From the side of Rus, as follows from subsequent development of events and certificates of the Byzantium sources, promised to give empires permanent military help.

Byzantium authorities were also obligated to supply with Rus' ambassadors and merchants needments for a reverse way: by sails, anchors, ropes and food. Similar privileges, it follows to think, Kievan side Greek merchants gave. The most important in an agreement was that the Rus took title free trade in Constantinople [4, c.12]. An agreement in 907 was confirmed and developed more detailed by an agreement of 911, celled in Constantinople without previous negotiations in Kyiv and made on two charters (parchments). The row of new articles determined the order of conflicts solution at the operations of purchase-sale among the citizens of two states, and also exchange and buying the prisoners of war back, returning of slaves and criminals that escaped, was brought to him, guard of commodities of Ruses to Constantinople, imitations of property.

But also this bout double game of Byzantium diplomacy (solicitation of ruses help for the conduct of wars in Italy and at the same time setting Pechenegs on Rus and stopping of payment

it a regular contribution), and also diplomatic pressure over on Kyiv from the side of Khazar khaganate was brought to the break between the states and the next campaign of Rus on Constantinople in June-September of 941. It appeared not quite successful, but it did not stop the Grand Prince of Kiev, and Igor began to prepare a new offensive, resorting to striking diplomatic and mobilizational preparation. Disturbed by the union of Igor with the nomad's horde and warned by Bulgarians about approaching of large fleet to Danube and cavalry of Ruses and Pechenegs, an emperor Roman I Lakapin offered the peace. After the newest researches, bilateral peaceful agreement in 944 was celled in Constantinople after previous negotiations of the Byzantium ambassadors in Kyiv with Igor.

Thus, in the first time in diplomatic history of Rus official foreign delegation, besides from that time superstate, visited Kyiv, in the first time and equal in rights and civilized exchange took place by embassies with an Empire. In the text of agreement in 944 already there was not speech about free trade of ruses merchants in Byzantium, and it is not mentioned about payment of contribution of Rus an Empire. But an agreement defined regional foreign-policy positions of Kievan state which officially became the ally of the Byzantium empire in the Black Sea region. For the young Kievan state, passing to the new stage of its relationships with the Byzantium empire meant „appearance” not only in relation to Mediterranean but also in relation to Europe on the whole. By then, Byzantium (former East Roman empire) was the Christian state with a millennial political culture, enormous tradition of patristics, diplomatic relations and documentary, thoroughly worked out foreign-policy doctrine, withstand state life.

And however to introduction of Christianity by Vladimir the Great Rus remains a young barbarian country with single annalistic sights of the first ages of state existence and pedigree organization at the head with soldiery fuglemen which had a title of „khagan”. As Byzantium palace formulars testify, to the Grand Prince Igor written with less diplomatic etiquette, than to Khazar khagan, not speaking already about the Bulgarian tsar. Therefore already in the middle of 80th Vladimir the Great and his comrade-in-arms became firmly established in a mind officially to enter Christianity on to Rus from Byzantium. In fact tradition of the Byzantium church, inferior supreme power of ruler (unlike the Roman church with its claims on scorn above secular sovereigns), in Kyiv counted already more than one hundred years, beginning from the agreement in 867.

However, the Grand Prince of Kiev, obviously, hesitated to carry out a decision step: and he, and his advisers – senior combatants (boyars) understood that to accept a new faith from the hands of the Byzantium emperor and Constantinople patriarch would mean to be in the real danger to get in ideological, and even political (through church organization on to Rus) dependence on Byzantium. Therefore the Kievan negotiations in 986 with the Bulgarians-moslems of Volga, by the representatives of Roman Pope John XV, Byzantium government and Jews demonstrated to Constantinople, that, at first, empire the not unique country from which the Rus can perceive a new state religion, and, secondly, that it is impossible to impose a faith Kyiv, he elects it.

Hardness to say, what steps Vladimir the Great would accomplish, going to inculcate Christianity on to Rus, if he was not helped by a coincidence – civil war in Byzantium, caused by Asia Minors' military landlords against the brothers-emperors of Basil II and Constantine VIII. In this difficult situation in Constantinople reminisced possibility the receipt of military help from Rus in obedience to positions of previous bilateral agreements. The proper Byzantium embassy arrived in Kyiv, but, taught bitter experience of predecessors by approaches of „Byzantium diplomacy”, the Grand Prince of Kiev demanded the hand of sister of emperors for a help – Anna, who was the original guarantor of implementation of terms of agreement the Byzantium side, foremost, in relation to a grant Rus of point-of-sale privileges.

For dark Ages dynastic marriages were the means of achievement of peaceful agreements and soldiery unions; in an epoch, when diplomacy as an instrument of realization of foreign policy yet formed only, such unions had been considered the most reliable ones. But the official foreign-policy doctrine of Byzantium asserted that emperor Constantine the Great (306-337) forbade the members of ruling dynasty to become relatives of the possessors of any states, both christless and Christian, doing an exception only for Franks. Therefore ambassadors cast aside marriage solicitation of Vladimir the Great and went to Constantinople. Meantime, a flame of civil war in Byzantium flamed up all stronger, it was to go proud Greeks to give in the Grand Prince of Kiev, and at the end of 987 the allied agreement was celled in Kyiv, true Basil II pulled out the claim in return the quality of pre-condition: christening of Vladimir and population of Rus.

After christening of the Great prince in Kyiv and ratification of agreement in Constantinople, in spring of 988 6-thousand a select Rus' corps left for Byzantium, where it played a decisive role in the defeat of rebels. But, feeling master of the situation, an emperor found out a black ingratitude in relation to the Grand Prince of Kiev and perfidiously violated the promise to give a princess Anna for him. Then, to compel the Byzantium rulers to observe the word, Vladimir the Great in 989 carried out an attack on Crimea and besieged Chersonesos - the main granary of Byzantium and bulwark of its domination on a peninsula. Conquering the city by the supporters into a fortress, Vladimir got a possibility from the position of a winner to dictate Byzantium the advantageous for him terms of the peace.

Exactly in Chersonesos he in second times „officially” crossed him and solemnly entered into marriage with a princess Anna in autumn of 989. Circumstances of „choice of faith” and introduction of Christianity in his Byzantium, future orthodox variant, trick into to the conclusion, that, labouring for the hand of princess Anna, the Grand Prince of Kiev aimed to heave up international authority of the state, extend and deepen its foreign-policy copulas. By the fact of cognation with a Byzantine Porphyrogeneta princes Vladimir the Great (as well as his grandchild Vsevolod, who became engaged with daughter of Constantine Monomakh - Anastasia in 1046, whether great-grandchild Sviatopolk II of Kiev, who entered into marriage with daughter of Alexios I Komnenos – Irene in 1104) in the eyes of contemporaries was attached to the glorious sort of the Roman Caesar – unattainable ideal of power, influences, prestige of that epoch, as traditions of „eternal Rome”, large religion and culture stood after the Byzantium dynasties.

The process of formation of the large and mighty East-European state, important subject of international policy of Medieval Europe, with which since quite a bit crowned persons aimed to set equal in rights and mutually beneficial intergovernmental mutual relations was so completed. Acceptance of new religion at the above-described terms not only eliminated political dependence of Rus on Byzantium but also put a church under the state control, making it an obedient instruments in princely hands. At the same time as a result of such christening arose the original historical-cultural phenomenon which did not have analogues in the Slavonic world. State which in that time after the socio-economic and political mode was near to Czech and Poland, that adopted Christianity from Rome and entered in the circle of civilization and culture of Latin Europe, in a cultural relation drawn together with the South-Slavs people of the Balkan peninsula, that were in the field of influence of Byzantium and developed after Byzantium pattern.

It in a great deal defined the features of foreign-policy development and culture of country on great while. Together with that, „choice of faith” on behalf of Constantinople immediately resulted by Vladimir the Great in intensification of diplomatic contacts between Kyiv and the Apostolic throne. And although Roman influences, in the end, were not won over Rus, frisky diplomatic contacts between Kyiv and Apostolic the capital had played the positive role: they

induced Byzantium which rather afraid Roman influence on to Rus, to behave to the last not as to the junior partner, but as to even.

The far-sighted policy of the Kievan rulers – to support close diplomatic contacts not only with Byzantium but also with its permanent competitors – German („Sacred Roman”) empire, Bulgaria, by Hungary, by Georgia, - proceeded in the next ages. Western authors of that time, mainly German chronicles, present Rus the large and mighty state on European East and unchanging name it „rerum”, that means the large state with a strong ruler at the head, and the Grand Prince of Kiev for them is named „Rex Ruthenorum” („Rus’ king”) or even „potentissimus of Ruthenorum Rex” („mightiest Rus’ king”).

Thus, on the middle of 11th century forming of geopolitics of the Kievan state which appeared to break a secret of settled Christian and nomadic Islam civilizations in quality of „shield” for defence of „rears” of Europe was completed. For Rus outlined lead south-west (Byzantium-Balkan), Black Sea regional, western (Central- and Western-European) and north-western (Scandinavian) foreign-policy vectors. At the same time organic impressionability of positions of Kyiv appeared in the East.

The first Grand princes of Kiev, as a rule, stuck to geopolitical a landmark a „north is a south”, aiming to build the state „from a sea to the sea”. The model, which analogical approach was widely used in the process of creation of the state other European people, foremost, by Lithuanians and Poland. Thus, at first (9-10th centuries) dominant for Kyiv was an southward orientation, that fully coincided with the main direction of Slavonic colonization of free territories along North - South landmark of the Ukrainian rivers – the Dniester, the South Bug, the Dnieper and Seversky Donets. This direction had a primary value for getting up of general cultural and economic level of Rus’ society by attaching to the achievements of ancient civilization.

In course of time, with activation of „Great migration of peoples” from the depths of the Central Asia, the possibility of geopolitical advancement, southward from Kyiv appeared to a great extent blockaded. It was compensated by re-erecting of other foreign-policy vectors, foremost, western, and the major form of their realization, distribution and strengthening of international connections, in the epoch of dark Ages were the dynastic marriages. Exactly developing and strengthening of Western- and Central-European orientation of the geopolitics, giving advantage to diplomacy, but not to power facilities, Yaroslav the Wise provided the greatest level of development of the Kievan state and carried out, possibly to the end and not realized, attempt to tear up Rus from under Byzantium influence and give it new dynamic impulse of development.

During his rule (1015-1018, 1019-1054) the Kievan state so confidently entered in the circle of the European international keyactors, that without the account of it diplomatic and military-political positions and interallied relations designed as dynastic marriages set with it, it is impossible thoroughly and objectively to understand medieval diplomatic history not only of Byzantium, Bulgaria, Poland and Hungary, but also of Scandinavian countries, Germany and even distant England and France. „Marriage diplomacy” of Rurik Dynasty only from the middle of 10th century (marriage of Sviatoslav the Conqueror with a daughter of Magyar prince Tashkon) up to the 20th of the 14th century (marriage agreements of great-grandchildren of Danel I of Galicia) is exceeded by 100 marriages. And in chronicles only from the 11th century are 38 marriages of representatives of dynasty of Rurikovichs fixed: with German representatives - 8, Polish - 7, Hungarian - 6, Scandinavian and related to them English - 5, French – 2, one marriage was celled with the Byzantium princess and three – with Cumans princesses.

Thus, “the lion’s share” of marriage unions of Kievan Rurikovich touched the states of Central and Western Europe in the 11th c., from those annalistic data in the following century part

of Byzantium grew to 7 cases, but not due to the substantial diminishing of the marriage acceding to the rulings dynasties of Central- and Western-Europeans states. Even as separate researchers of value of dynastic factor diminished in the questions of cultural orientation of the medieval states, the resulted numbers convincingly testify that in the 11-12th centuries Kievan Rus in the political life was considerably closer related to the Western Europe, than with Byzantium and Balkan Slavs.

In any event, these dynastic copulas, together with participating of the Kievan state in European diplomatic combinations, coalitions and wars, demonstrate evidently, that it was included in European state political system and realized itself as a part of this system. Rus tendon by tense international life, and its foreign policy of the 11-12th centuries - it foremost, as suitable marked Moscow philosopher of history M.Alpatov, „meeting motion of the large European state westward” [5, с.279].

Then to a great extent noted directions of geopolitical interests of the Kievan state and its legal successors were saved in next ages, playing an important role in to subsequent cultural and historical development of the Ukrainian people. Medieval Rus' diplomacy, certainly, developed on its own to nationally state to basis, but as on forming of international law, the Roman state tradition and Roman law had a substantial influence in medieval Europe, the explorer of which Byzantium came forward, its diplomatic customs and standards of international acts were partly perceived by the state of Rurikovich Dynasty.

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RUSSIAN MIDDLE EAST POLICY: FROM “ROMANTICISM” TO “PRAGMATISM”

В статті аналізуються концептуальні засади політики Росії на Близькому Сході, досліджуються чинники, які спричинили процес еволюції близькосхідного курсу Москви.

Ключові слова: Росія, Близький Схід, зовнішня політика, “Арабська весна”, арабо-ізраїльський конфлікт

The article deals with the analysis of the conceptual basis of Russian policy in the Middle East, stressing the reasons which caused the evolution of Moscow’s Middle East policy.

Key words: the Russian Federation, the Middle East, foreign policy, Arab spring, Arab-Israeli conflict.

During the last decade of XX century and at the beginning of XXI century, the Middle East policy of Russia has been substantially transformed. It was predefined by difficult and rather contradictory process of Russian foreign policy formation together with the comprehension of Moscow’s role and place in the postbipolar world. According to the writers’ approach, it was certain influence on formation of Russian policy in the Middle East which outlined its general priorities in different periods of Russian Federation development, with lack of Moscow’s clear awareness of its national interests in the Middle East.

Moscow policy towards rapprochement with the United States (as well as with other Western countries) which Russia regards not only as a partner but also as its ally, can be perceived as a guarantee for forming a new stable and democratic world order considering place and role of the Middle East within Russian foreign-policy interests, alteration of principles and directions of the Middle East policy.

Russian regional policy at the beginning of 1990s. During this period regional policy was carried out basing on the principle of «not to damage the development of relations with the USA as the main direction of Russian foreign-policy strategy». A tendency of dependence of Russian Federation Middle East policy on its foreign-policy westward direction backtracked in this period. The result was the appearance of such a phenomenon as Russian „leaving” the Middle East, the essence of which was in Russia’s refusal from keeping its Middle East policy in „Soviet traditions”; in sharp reduction of traditional connections with the Arab World; in substantial weakening of Moscow positions and prestige in the Middle East; in considerable decline of Moscow role in the process of solving the key problems of the region (first of all problems of

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settlement of the Arab-Israeli conflict, where Moscow started playing a representative role at that time, when the USA monopolized the process of Arab-Israeli settlement).

The middle of 1990s became the period of native transformation of the Russian foreign policy course, that was the result of Moscow view concerning its place and role in the modern world, based on the principles of multipolar world concept.

Coming to power of Vladimir Putin in Russia (2000) and then of Dmitry Medvedev (2008) accelerated this process. The main objective of foreign policy of Russian Federation was officially proclaimed as forming of a multi-polar system of international relations. Having selected five basic positions for the foreign policy of Russia, President of Russian Federation Dmitry Medvedev argued that „...the world should be multi-polar. A single-pole world is unacceptable” [1].

Multipolar concept of the world became Russian attempt to adapt to new international realities by assertion the status of a great power, its transformation into one of global center of influence.

In the period from approximately the second half of 2006 to the beginning of 2007 (Munich speech of Russian President V. Putin in February 2007) Russia solved the task of assertion the status of a great power in the world by active use of mechanisms of multilateral cooperation. The primary example was Moscow position concerning solving the Iraqi problem on the eve of American military action on March 20, 2003, which was based on the necessity of saving the central role of the UN in the settlement of the Iraqi crisis and unacceptability of initiating one-sided actions without UN Security Council approval. According to Kremlin’s point of view, the future of Iraq and the future of world order on the whole and the future of the established system of international security in particular, would depend on the subsequent choice of decision model of the Iraqi problem – the basis of which is passing to application of power methods (which is preferred by Bush administration) or further searching for ways of political settlement on multilateral basis (which Russia, France and Germany insisted on).

US propensity to one-sided actions – against the international law, in particular – resulted in diminishing of activity efficiency and damaging the UN authority where Russia as a permanent member of UN Security Council had a status of great power. It became obvious for Russian leaders that modern world “will take into account only force” [2] and Russia took a course on increase of power potential. No doubt that the substantial increase of profits promoted this, the sale price of oil and gas grew promptly. As T. Bordachev and F. Lukyanov put it, “Moscow had tried to act as a status quo power until a certain moment in an attempt to keep at least some parts of the Soviet Union’s political heritage, but after it gained enough strength, the country dashed into a revision of international rules itself” [3].

First of all, the question is about the revision of «the rules of game» with the West, whose positions weakened substantially in general because of their own fault [4]. According to S. Karaganov, “both Europe and the USA start to lose in the competition with the countries of new capitalism personified by China and Russia. Iraq has dispelled notorious illusion about the possibility of American hegemony in the world. Europe hoping in the early nineties to become a new superpower, has found out, that it is impossible” [2]. Moscow insisted on changing the paradigm of relationships with the West, emphasizing on the USA and the states of the European Union real acknowledgement of its status of a great power, with its interests and opinions to be taken into account. As President of Russian Federation Dmitry Medvedev noted, “we do not want an international situation aggravation – we simply want to be respected, our state to be respected, our people and our values to be respected” [5].

Thus, the essence of cardinal changes in the foreign policy of Russia 2007-2008 (and accordingly, in the following years) is connected not so much with its activization and growth of

relative independence, but with the conceptual view of a new ratio of forces between Russia and the West and a new estimation of its own possibilities within the context of forming a new system of international relations, which will be created with regard to Russian national interests, instead of Moscow integration in already existing international institutes, where the “rules of game” in most cases are determined by Western states.

Transformation of the conceptual framework of foreign policy of Russian Federation resulted in activation of Russian policy on the Middle East that from the second half of 1990s can be described as a policy, oriented on the “returning” to Middle East. Russian primary objective in the Middle East was determined as „...updating and strengthening of its positions” [6]. This policy has following typical features:

First. Kremlin course on „returning” to the Middle East was directed on converting Russia into a permanent size in the region. Such purpose was in a great deal consonant with those aims which were proclaimed by the Soviet Union; however, unlike soviet interpretation, did not have the brightly expressed ideological dominant and a priori shut out direct opposition to the USA, inherent to the “cold war” period.

Second. The alternative becomes an important element of Russian Middle East policy, and its pulling out is determined by the Kremlin as a necessary condition for returning to the region. In the second half of 1990s Russian Federation at conceptual level offered to the Middle East countries an alternative of principally different nature: „... an alternative, which we offer, – Minister of Foreign Affairs of Russian Federation Igor Ivanov argued, – is building the democratic multipolar system of international relations...” [7]. Thus, Russia from middle 1990s offered the alternative role and place for Middle East countries in the structure of the monopolar world.

From the middle of the first decade of XXI century the interpretation of alternative by Moscow becomes more extended and complemented by new moments that are characteristic for more traditional understanding of this concept: variants of development of the society. In particular, attention in the foreign-policy documents of Russian Federation and speeches of the Russian officers is accented mostly on the cultural and civilization diversity of the modern world, stressed on that after the end of the „cold war” and disintegration of the bipolar system of international relations just the cultural and civilization manners will determine progress of the modern world trends. As it is noted in the Foreign Policy Concept of the Russian Federation 2008, „it is for the first time in the contemporary history that global competition is acquiring a civilization dimension which suggests competition between different value systems and development models” [8]. Thus, as Sergey Karaganov puts it, „Competition in models is not a simple struggle for realisation of the moral superiority. The model of victory finally means redistribution of human and all other resources in favour of the states personifying this or that model” [9].

Unlike an alternative (as model of social development is principally different from capitalism), which was offered to the developing countries by the Soviet Union, an alternative which is fixed in the foreign-policy documents of Russian Federation „within the framework of universal democratic and market economy principles” (within the framework of the capitalist system) is in essence a model alternative to the model created by the West.

According to Moscow opinion, a civilization specific determines the forms of political and social structure of the social device of society to a great extent. According to S. Karaganov, „In the world struggle between two models of development – liberal-democratic capitalism of the traditional West and authoritarian capitalism” which is economically effective and politically comprehensible model for the majority of people in the countries of “the third world” are developed” [9]. In this competitive struggle, S. Karaganov supposes, a key place belongs to Rus-

sia which „has already started to demonstrate to post-Soviet and to developing countries a possibility to live not only by the model of dependent liberal-democratic development of Central and the Eastern Europe”[9]. In accordance with the official opinion of Moscow, within the context of world multiformity based upon the abolition of civilizations, any attempts to unify the world development using the American model appear unacceptable causing resistance from the people, and any „unifying approach would lead to interventionism” [10].

New interpretation of the alternative is of special significance for Russian Middle East policy which, as it is already mentioned, was oriented to restore its lost position in the Middle East. In the context of American attempts to transform Middle East, Moscow’s alternative can be acceptable for Arab politics which is opposed to imposing the American model of democracy on their states.

The Third. New Russian Middle East policy was directed on the increase of Moscow status while solving key problems of the region (Arab-Israeli conflict, the non-proliferation of mass destruction weapons, the formation of regional security system, etc.). First of all, it concerns the Kremlin participation in solving the Middle East problem which was and in a great deal remains the key for the whole system of the Middle East relations. It is worth while mentioning that both the Arab countries and Israel regard the alteration of relationship with the Russian Federation exactly in such meaning.

The Fourth. The next model of relations with Washington, "the return" of Russia as a kind of counterbalance to the United States has been put at the core of Russian policy in the Middle East. While it doesn’t mean the "ousting" of the United States, but only the balancing of the US Middle East policy considering the influential factor of permanent Russian presence in the region. Such a model assumes the active Russian-American interaction concerning the key problems of the region on the basis of equality of rights.

The Fifth. The Middle East policy is largely derived from the Russian policy in Central Asia and the Transcaucasus, because this policy is designed to also oppose attempts by some countries of the Middle East to spread its influence in former Soviet republics in the Southern zone of the post-Soviet space, which Moscow regards as a zone of their special interests and evaluates such attempts as an immediate threat to them.

The Sixth. The energy factor. Russia paid special attention to the development of connections with those countries having considerable resources of oil and gas, which determines the Kremlin position to the important role of oil and gas both in the process of Russian modernization and in the process of Moscow transformation into one of global force centers in the world [11]. The energy expansion in the Middle East became one of the key features of Putin’s foreign policy. Russian energy companies’ strategy with an active support of Russian state is aimed at gaining strong positions in the Middle East markets by acquisition of assets of local enterprises of oil and gas industry having the purpose of merging with local producers and suppliers. Thus, Lukoil has a task to concentrate about 25% of its international projects in the Middle East by 2013 [12]. In addition, the purpose of Russian energy companies concerns their participation in the Arabic export of oil and gas to Europe.

There are reasons for considering special attention in the relations to be paid to the development of energy sphere of co-operation which is caused not so much by economic (own profit), but also by geopolitical factors and directed at strengthening of the Russian status as a great power. In its Middle East policy Moscow seeks to use those factors which promoted its revival: substantial rise of prices on oil and gas, growth of dependence of some world regions (in particular, Europe) from Russian natural resources; possibilities of using energy factor as the instrument of foreign policy; and others.

The "Arab spring" may seriously weaken the position of Russia in the Middle East.

1) Russia was not ready for such a major political transformation in the Middle East region; it essentially ended up outside these transformation processes, and does not realize (at conceptual and practical levels) its place in them. The situation is in principle contrary to a basic principle of the policy of "return" to the Middle East, the essence of which lies in the fact that none of the key regional issues should be solved without the participation or without taking into account the interests of the Russian Federation.

2) Success of Moscow course aimed at the increase of its influence on the Middle East proves not only effective Kremlin's plan to offer the real alternative of the West to Arab countries, but reflected unreasonable and inflexible Middle East policy of the USA, which resulted in military actions of the USA in Iraq in March 2003 followed by negative consequences not only for the Middle East stability, but also directly influenced on American positions in the region. Despite the USA remains the state which exerts the strongest influence on the Middle East, it is hardly possible to assert that its influence on the region is really strong. The differences of the United States and Arab states in estimations of the models of the Middle East development are deepened even more. Mistakes of the Bush administration policy in Iraq in particular and in the Middle East as a whole in combination with certain weakening of the USA positions in the world caused the increasing interest of traditional Arabic allies of Washington to the development of relations with Russia aimed at specification of threats to their national security.

Thus, geopolitical factors in approaches of Persian Gulf countries towards Russia appear to be obviously dominating. For example, improvement of relations with Russia fits into Qatar's overall foreign policy trying to maximize the number of its friends and minimize that of its enemies [13]. The principles of Saudi Arabia approaches to Moscow are grounded on the aspiration to deter Iran through the development of relations with Russia. In February 2008, Minister of Foreign Affairs of the Kingdom of Saudi Arabia Saud Al-Faisal brought a personal message from King Abdullah bin Abdul-Aziz to President V. Putin, in which a deep trouble was expressed because of the growth of Iranian influence on the Middle East, which could result in serious destabilization of the region. One of the elements of Saudi Arabia plan concerning localization of the "Iranian threat" had to become Russian refusal from cooperation with Tehran in nuclear military and technical sphere, and also non-resistance to Western pressure in the UN Security Council and other international organizations concerning nuclear programs of Tehran (at least passing to neutral position in Iran issue).

Saudi suggestions were specified during the visit of Secretary-General of the National Security Council Bandar bin Sultan to Moscow in July 2008. Riyadh expressed a willingness to sign an agreement on a military-technical co-operation with Russia which would provide the purchase of the Russian weapons in an exchange for limitation of Russian-Iranian connections. In particular, in the nearest future it is planning to sign a supply contract to Saudi Arabia for more than 100 of MICV-3 worth \$200 million; about 150 tanks of T-90C worth \$600 million and over 160 helicopters MI-17, MI-35, MI-26 worth \$1,6 billion [14]. Most of all Riyadh suggested to conclude a large-scale treaty on basic directions in the development of bilateral cooperation, which provides to increase bilateral commodity turnover and volume of mutual investments to \$50 billion in the next five years [15].

Transformation processes in the Near and Middle East can lead to fundamental changes of geopolitical situation which significantly reduce the interest of Arab States in the intensification of relations with Russia.

3) Russia could not prevent the change of political regime in Syria. In the absence of close relations with Syrian opposition (and, most importantly, unable to significantly affect it, which

would have given a possibility to leave Syria within the dominant influence of Moscow) this would have resulted in coming to power those forces which will not be pro-Moscow minded. At the same time, if Moscow loses, for example, because of the fall of the Al-Qadhafi regime which was of material nature (while the policy of Al-Qadhafi had not a clearly pro-Russian character), the losses caused by the fall of the Al-Assad regime would, first of all, be of strategic nature and it is really a great risk of diminishing Russian influence in the Middle East.

The latter due to the special role of Syria in the Russian Middle East policy which was boldly declared after 2005, when during the visit of President Bashar al-Assad to Moscow the problem of Syrian debt was solved, which for a long time was the main factor hindering the development of Russia-Syria relations on a bilateral basis. The role of Syria within the scope of Moscow Middle East interests is determined, at least, by the following factors:

- Syria is a party to the Arab-Israeli conflict. Effectiveness of the Russian policy of “returning” to the Middle East depended directly on Moscow possibility to become an influential actor of the Arab-Israeli peace process. Moscow purpose was to develop intensive relations with the participants of the conflict (both with Israel and with the Arab states) and not to range relations with them on the principle of unreserved support of one side of the conflict. As Minister of Foreign Affairs of the Russian Federation S. Lavrov told Pravda newspaper in September, 2004, “Russia’s policy is neither pro-Arab, nor pro-Israel. It is aimed at securing Russian national interests. Maintaining close and friendly ties with Arab states and Israel is among them” [16].

The declaration of Russian totally distant approach to the parties to the conflict in the process of settlement cannot, in our opinion, ensure strengthening of Russian influence on the Middle East peace process, because Moscow does not have the necessary capacity for simultaneous impact on all parties to the conflict. In this context, the priority development of relations with Syria can help ensure that the Syrian-Israeli line potentially becomes the direction, where Moscow a priori could be noticeable (and, in certain circumstances, dominant) as well as its role in the process of patterned settlement;

- Syria could potentially become one of the key elements (for example, with Iran) in the Russian balance system with the United States in the Middle East with a view to avoid the establishment of monopolar system of international relations;

- What is important is that the Syrian Port of Tartus is the only sea base that Russia could use in the Mediterranean for the logistics of its Navy;

- Damascus was one of the major Soviet clients in the field of arms exports (Syrian army for more than 80% are equipped with military equipment of the Soviet and Russian production [17]), and, hence, Syria was interested in continuing cooperation in this area (supply of spare parts for Soviet weapons, designs and procurement of new Russian weapons) and expressed her willingness to go to the respective payment schemes of cash;

- In addition, the fall of the Al-Assad regime would undoubtedly strengthen the external pressure on Iran with which Russia has at least controversial and ambiguous, but more friendly relations.

Successful implementation of the West plans for Iran, (that is how Minister of Foreign Affairs of the Russian Federation Sergey Lavrov stressed, “is very similar to the change of political regime scenario” [18]) seems likely to bring to power pro-Western (or anti-Russian) forces in Syria. In this case the potential threat to the interests of Russia in the Caucasus and Central Asia is significantly increasing (hypothetically) while those regions are regarded by Moscow as a zone of its exclusive influence. So, if you take into account the probability of this scenario, the events in Syria will touch Russian vital interests in the Greater Middle East region, which are relevant to the protection of their positions in the Caucasus and Central Asia.

In our opinion, discussions of the Syrian issue within the UN Security Council, showed the presence of “conflict of political approaches”. It was reflected in an attempt to direct the process of settling in the form of “The Libyan” or “The Yemen” models, which were formed and tested in the period of “Arab spring”.

“The Libyan model”, according to the Kremlin, is based on the philosophy of confrontation, consisting of threats and pressure that worsen the situation in the country through sanctions. Within the framework of this model the role of external factor is not stabilizing, but in fact leads to confrontation and isolation and change of the regime. “Thus, calling a spade a spade, I will say that there has been and continues to be incitement of radical members of the opposition towards a strong commitment to regime change as well as the rejection of any invitation to dialogue”, – as Minister of Foreign Affairs of the Russian Federation Sergey Lavrov noted [18].

By contrast “The Yemen model”, according to Moscow, aims to create favorable conditions for the transfer of the confrontation in the mainstream of political settlement and provides for political dialogue the government and opposition forces, and national reconciliation.

Russia stated that it endorses the approach now applied regarding Yemen and considered “...it is the decision (of the UNSC) on Yemen that is a model for the future, rather than the resolutions on Libya, which were grossly violated, causing serious damage to the reputation of the Security Council” [19]. Moreover, the Minister of Foreign Affairs of the Russian Federation Sergey Lavrov said: “As for Russia, we will not allow anything like this to happen again in the future” [19].

Russia's leaders are aware of the danger of used West models as a precedent, that the term can be applied by the West to overthrow “undemocratic”, “authoritarian” regimes in other parts of the world, including those, which Moscow regards as a zone of its vital interests.

To some extent, the eminence of such hazards is recognized by the Minister of Foreign Affairs of the Russian Federation Sergey Lavrov, who stressed that the “repeat of the Libyan “scenario” would have very bad geopolitical consequences not only for the Middle East and North Africa, but also for other regions of the world, given the fact that NATO's Strategic Concept, approved last year, provides for the use of force anywhere on the globe” [19].

The Russian approach to the settlement of Syrian crisis, as was admitted by Russian officials, is based on the following basic principles: respect for the national sovereignty and territorial integrity of Syria as well as the principle of non-intervention, including military, in its affairs; the principle of the unity of the Syrian people; refraining from confrontation; and inviting all to an even-handed and comprehensive dialogue aimed at achieving civil peace and national agreement by reforming the social, economic and political life of the country [20, p. 3].

Russia believes that the situation in Syria cannot be considered separately from the Libyan experience. In this context, the position of Moscow concerning the proposals of some Middle East and Western countries to resolve the crisis in Syria is as follows:

- The unacceptability of any sanctions against Syria by international organizations and particular actors in international relations. In this context Moscow believes that it is “a wrong step”, and assessed it as the erroneous decision to suspend membership of Syria in the League of Arab States.
- Inadmissibility of the decision on the arms embargo. Proposals to ban the supply of any weapons in Syria, Minister for Foreign Affairs of the Russian Federation Sergey Lavrov described as “dishonest”: “We know how the arms embargo was applied in Libya. It was used only in respect of the Libyan army, while the opposition got their arms... We will treat the call for an embargo on arms supplies to Syria in light of the Libya experience, and the behavior of some of our partners – he said” [21].

- Avoiding blocking the adoption of the UN Security Council model of settlement of Syria crisis on the basis of the concept of “the Responsibility to Protect”, that is, similar to the Libyan model. Minister for Foreign Affairs of the Russian Federation Sergey Lavrov stated: “We would not want matters to follow the Libyan scenario” [22].

- Unacceptability of unilateral accusations to the address of the Al-Assad regime, responsible for the violence on both sides of the conflict (to certain extent the Syrian government and opposition). Kremlin officials are convinced that the violence must be stopped. Moreover, Russia called on “all states that are in favor of a peaceful settlement of the Syrian political crisis to support the demand to stop the violence, which is addressed not only to the Syrian authorities, but to all the opposition groups. This should be done both on behalf of the Arab League and on behalf of the states from whose territory the Syrian opposition operates” [23].

- Unacceptability demands resignation of President Bashar al-Assad as a prerequisite to beginning the process of national dialogue. The Russian side stressed that “... we are not advocates of the Al-Assad regime” [20, p. 4], and that “we have repeatedly said that the Syrian leadership has been making mistakes, and is slow on reforms”. However Moscow stresses that fait is the fact that “President Bashar al-Assad has adopted a number of important laws, and set up a committee that deals with the reform of the constitution, including elimination of the monopoly of the Baath Party” [18]. In addition, the Russian side has serious doubts about the fact that most of the Syrian population seeks to change the existing regime. Speaking at a meeting of the UN Security Council V. Churkin said: “We must bear in mind the fact that a significant number of Syrians do not agree with the demand for a quick regime change and would rather see gradual changes, believing that they have to be implemented while maintaining civil peace and harmony in the country” [20, p. 4].

In general, it can be stated that Russia yet has a limited ability to significantly influence the Syrian issue. Without doubt, Russia as a permanent member has the opportunity to lock in the framework of the UN Security Council any decision inappropriate in view of its national interests, submitting the form unacceptable as models and mechanisms for the settlement of Syrian crisis. However, under these circumstances one cannot exclude the possibility that the Western powers will try to readdress the solution to this problem at the regional level and search Arab option within the League of Arab States, the decision in the framework of which will depend on the position of the first of those states (in particular, Saudi Arabia), upon which Russia has no substantial influence.

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Yakovenko N. , Kadenko N.***

PARTICULARS OF BRITISH DIPLOMACY

The authors present historical overview of the traditions of British diplomacy, following with analysis of its specific features, as historically shaped and distinguishing British diplomacy among others. The latter has been of special interest for the scientists working in the field of diplomacy to the unique nature of British governmental system. In the final part, focus is made on UK's political state in contemporary period and today's challenges.

В статті надано короткий історичний огляд традицій британської дипломатії, наголошено на її характерних рисах як таких, що сформовані історично та є притаманними саме дипломатії Сполученого Королівства. Останнє становить певний науковий інтерес при вивченні особливостей британської політичної системи. Наголошено на особливостях сучасної британської дипломатії та важливості вирішення її нагальних проблем.

В статье представлен краткий исторический обзор традиций британской дипломатии, отмечены характерные черты, присущие дипломатии Соединенного Королевства, что представляет определенный научный интерес при изучении особенностей британской политической системы. Особое внимание уделяется современному периоду развития британской дипломатии.

*“We are a world power, and a world influence,
or we are nothing”.*

Harold Wilson, 1965

Introduction

For centuries British diplomacy has been regarded as a classic one, some kind of an etalon, having greatly influenced the development of world's diplomacy in XIX–XX centuries. Moreover, the diplomacy of over 50 countries of the Commonwealth has been shaping itself under the influence of the British diplomatic traditions. One can't but notice that more than half of the classic published works on diplomacy are the British ones, and those are mainly included in the reading lists for the students of most American, as well as European universities including Ukraine. While speaking about present-day diplomacy British scholars stress that “although advances in communications technology in the past half century have clearly affected the practice of diplomacy, the traditional values of diplomacy are still largely valid” [1].

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In the following article, the authors will try to give a short survey of the history of British diplomacy, as well as its peculiarities as seen by other nations, and to analyze the challenges, which Great Britain is facing in modern times.

As seen from the epigraph, Britain is facing the problem of establishing itself as a member of the European family, without letting any other country gain the dominant position. Britain is longing for the times of Empire and former glory, and its own interests have always shaped the country's foreign policy.

In the end, conclusions are made which highlight the main point of the article.

British diplomacy in history

British diplomacy is known to be deeply rooted in history though the official use of the word "diplomacy" was officially registered in 1645 [2]. In fact, Great Britain has gained tremendous experience during the centuries of its diplomatic activities, which could be really dated from the eighth century when the first in British history diplomatic correspondence between King Offa (reigned from 757 to 796) and Charlemagne, King of the Franks, took place. Charlemagne corresponded with Offa as an equal discussing the chief European problems of the time and the two kings made the first English commercial agreement [3]. 1303 is the year of signing of the Merchant Charter, which became the first British diplomatic document.

Furtherance of trade with the Levant was the main English interest in developing diplomatic relations with Turkey at the end of the XVI century and remained so for many years afterwards. Development of this distant and dangerous trade, jealously controlled at the time by Venice and France via special privileges granted by the sultan known as 'capitulations', also offered the strategic advantage of fostering the growth of the English fleet. It was against this background that in September 1581 the London merchants interested in Turkey trade obtained a charter from Elizabeth's government. In return for the risks which they would have to take during its development this gave their company, the Levant Company, as it was soon to be called, a complete monopoly of the trade.

Remarkably, even so many years later trade has remained one of the main priorities of British foreign policy. William Pitt the Younger (1759–1806), former British Prime Minister used to repeat that British policy is a British trade. Commercial Department was introduced by the Foreign Office in 1865 and the first commercial attaché held his position in the British Embassy in Paris in 1880 after which such positions were introduced in UK Embassies in Berlin Constantinople, Peking, Yokohama.

Nevertheless the consulate service is often considered to initiate British diplomacy. The first English consuls have been working in the Netherlands, Norway and Denmark since the XV century. English consulate was established in Pisa in 1486 when the enmity between Florence and Venice, the then trading monopolist, was used in mere British interests. The consul was appointed directly by the Monarch and since that time the right to appoint a consul belongs to the British monarch only.

At the beginning of the XV century England sent its Ambassador to Paris. Under Henry VIII it may be even said that the machinery of the English Foreign Office began to exist in detail. In 1539 the single Secretary gave place to two officials, known respectively as Secretary for the Northern and Southern Departments [4]. In the second half of the 1570s the government of Queen Elizabeth I of England, together with the London merchantile community, should have decided to consider establishing a permanent embassy in Constantinople, the capital of the Ottoman Turks. In 1583 such an embassy was created and William Harborne, a merchant and former Member of Parliament [5], was confirmed as England's Ambassador.

Diplomatic relations with Russia were also established under the Tudors after initiating trade relations between the two states. In 1553 Ivan IV (the Terrible) accepted Richard Chanslor, Edward VI's representative and in 1557 Russian Ambassador Osip Nepeya arrived in London.

Thus, by the late XVI century the resident embassy was already a well-established institution. Some researchers have suggested that at this very period of time the handshake may have been introduced in the Western World by Sir Walter Raleigh in service with the British Court during the late 16th century. The handshake is thought by some to have originated as a gesture of peace by demonstrating that the hand holds no weapon.

While speaking of British diplomacy in its historical course one can't omit mentioning Britain's adherence to the principle of "Balance of powers". In the XVI century the continental policy of England is known to be fixed. It was to be pacific, mediating, favourable to a balance which should prevent any power from having a hegemony on the continent or controlling the Channel coasts. The naval security of England and the balance of power in Europe were the two great political principles which appeared in the reign of Henry VIII and which, pursued unwaveringly, were to create the greatness of England [6]. Sir Esme Howard wrote that England adopted the balance of power as "a corner-stone of English policy, unconsciously during the sixteenth, subconsciously during the seventeenth, and consciously during the eighteenth, nineteenth and twentieth centuries, because for England it represented the only plan of preserving her own independence, political and economic" [7].

Thus the main goal of British diplomacy has always been very definite: not to let any other European state gain dominant position in Europe. The latter has become quite difficult, especially after uniting Germany, which has in way become the UK's main rival. British diplomacy has always been following steady course, without making unnecessary turns; yet, it could come up with the initiative when needed.

British diplomacy has always been characterized by the most profound knowledge of the region/country at issue, with historical experience combined with possessing encyclopaedic-like information that has been collected and analyzed by generations of diplomats. If one remembers the fact that the former British Empire used to possess, in this or that way, over a half of the world territory, being "the Empire where the Sun never settles", it becomes clear that British diplomacy has completed universal dossier of information of any kind about the countries of interest.

Beside the traditions and conservatism, associated with the British diplomacy, one can't but quote Lord Palmerston, former British Secretary of State for Foreign Affairs: "We have no eternal allies and we have no perpetual enemies. Our interests are eternal and perpetual, and these interests it is our duty to follow" [8].

During the World War I, following President Wilson's initiative, UK announced "openly discussed open treaties" policy, which, in fact, was not more than a broad gesture, means of propaganda. Actually, the British have always opted for secret diplomacy, and it's remarkable that there have been almost no cases of information leak.

Britons consider open diplomacy impossible; if every stage of negotiations is being made public, it will result in losing time, as well as making it impossible to reach any kind of agreement. British people tend to use the language of hints and vague remarks, avoiding flat statements, never saying "yes" and "no". The English language offers great possibilities for that, and British diplomats are benefiting from them fully.

There can be further examples of British principles in foreign policy becoming "elastic". Sir Brian Urquhart reminds in his article: "Richard Butler, then head of the UN inspectors in Iraq (UNSCOM), had stated in Moscow that Saddam Hussein was cooperating with the UN inspec-

tors, but in New York he had issued a report saying exactly the opposite. In 1998 the US and Britain insisted on yet another Security Council resolution demanding Iraq's full cooperation with UNSCOM. S. Lavrov [the then Russian ambassador] asked the British if they regarded the resolution as authorizing the use of force if Iraq did not cooperate. The British replied that they did not, but when the UK and the US, in December 1998, launched Operation Desert Fox, an intensive aerial bombardment of targets in Iraq, the British quoted the resolution in legal justification of the bombing. The Chinese, French, and Russians, not unnaturally, saw such obfuscations as evidence of bad faith" [9].

In general, in the course of history, Britain has been consistently and carefully following the most subtle changes in international relations, with immediate and flexible reaction to the latter. It has never been eager to "tie" itself with long-term commitments, which created certain difficulties for the British integration policy.

"A diplomat of Her Majesty"

The monarchy remains a core institution in the life of the nation. The Queen plays a great role in Britain's international relations and foreign policy, despite the widespread "reigns but does not rule" stereotype. In general, Britain is famous for its affection to traditions, which serve as a symbol of country's identity and historical role. Royal visits are often geared to export promotions, media interest being used to focus on particular British goods. According to centuries-old tradition, in case of visiting any country having the area of water, i.e. sea border, the Queen is either to arrive or leave for Britain only by sea even if it is to be a long sea cruise. Such is the centuries-old tradition of British royal diplomacy.

No doubt there are quite some of those who believe that Britain would be better off without Monarchy; however, these possible reformers don't have any clear picture of what the alternative political system should be like. And it's more than clear that conservative and proud British people in no way will be eager to replace the current state of political system. The Queen still succeeds in "projecting an image of Britain which is one that most foreigners like to see, something more durable and historically preserved than the changing Parliament. She was Queen when many of the current politicians were still at their mothers' knees, and she can give an advice that hardly anyone can. Besides, the unprecedented degree to which the Monarchy has adapted itself to modern tastes (like lunches in the pub), is indicative of the Queen's responsiveness to changes in British society" [10].

Despite the above mentioned stereotype "the Queen reigns, but does not rule", every foreign Ambassador coming to UK is advised to establish some kind of personal contact with the Queen. Every Ambassador on appointment has the privilege of private audience with Her Majesty, preferably together with his or her spouse. The audience does not last long and is private and intimate; it can be of great value, as the Queen is a priceless source of political information of unique kind. She visited many countries and knows personally many Heads of state, and the Ambassador starting his or her mission will learn something that no-one else could have told him.

The relation between the Queen and her Ambassadors to other countries in a way "personalizes" the relations between the UK and another country [11]. British Ambassadors are not representatives of government, but of the Queen, which symbolizes the United Kingdom in its entirety. In other words, he or she represents something that goes deeper than government and remains at post when it changes. As Allan Ramsay puts it in his article, "the service is not politicized to the extent that the US and French diplomatic services are though British Prime Ministers and Foreign Secretaries have their favourites like everyone else and British diplomats are

no less anxious to please than others. But the arrangement carries with it a certain assurance of continuity. It takes time to cultivate opinion in a country and for that country to learn to have confidence in the judgment of an Ambassador so it is an advantage to both sides to know that an Ambassador is not going to be withdrawn for falling out of favour politically. This would be more difficult in the case of an US or French Ambassador appointed after a presidential victory”[12].

The period since the Queen's accession has not been an entirely smooth one for British diplomacy. Like the Monarchy, the Foreign and Commonwealth Office has had to learn to adapt, not just to the IT revolution but to changes in the geo-political structure of the world. Britain was characterized by many prominent statesmen as “losing an Empire and not finding a role”.

Despite the UK's membership of the EU, British diplomacy remains British, i.e. dedicated to the advancement of specifically British interests. Britain feels unique in a way, and is ready to defend its uniqueness and independence, whereas trying not to stay aside the integration processes. Balancing becomes especially difficult, as new time brings new problems, and time will show how successful the skilful British diplomats will turn out to be.

A diplomatic island in Europe

The last century was one of unprecedented change in the way foreign policy and diplomacy were conducted. The work of ‘The Office’ expanded enormously in the XX century, and oversaw the transition from Empire to Commonwealth, with the merger of the Foreign and Colonial Offices taking place in the 1960s. “In the reign of Queen Elizabeth II we have withdrawn from the world we once regarded as our own. Our Empire has vanished and only a few tiny islands are left from our colonial possessions. We are back where we started five hundred years ago, among our own kind. The world beyond our shores is once again the world beyond our shores. One no longer expects to find the restaurant tables at Rutba, an obscure frontier post in the Syrian desert between Baghdad and Amman, laid with clean cloths and heavy EPNS cutlery with fish cakes for breakfast” [13]. This is how Allan Ramsey, British scientist and diplomat, describes the change of international position of his country. Having lost most of its mightiness and facing the necessity to find a place in a rapidly changing post-war European environment, Great Britain decides to be the initiator of changes. Sir Winston Churchill was the first one to come up with the idea of creating a “kind of United States of Europe” – probably with the secret thought of hidden actual British supremacy in the future Union. In May 1947, fostered by Winston Churchill, the United Europe Movement was created, being hostile to supranational organs and in favour of an intergovernmental cooperation.

However, a different initiative started to develop in 1948, with the Western Union Treaty (Brussels Treaty) signed by Belgium, France, Luxembourg, the Netherlands and the United Kingdom. It is remarkable that Paul-Henri Spaak, Belgian Minister of Foreign Affairs and one of the initiators of the creation of Benelux [14], left the Presidency of the Consultative Assembly of the Council of Europe in protest to the “lukewarm” [15] attitude of the United Kingdom towards Europe. UK's diplomacy was very cautious and unwilling to join the European integration in initiatives, which could theoretically deprive them of a part of the sovereignty (like the European Defense policy of 1952). Still, the necessity of uniting Europe and integrating its economy with other states was clear for the UK, but the latter chose to provide its own policy in this field, uniting certain states under a kind of its own patronage in 1959 (EFTA creation).

At this time, Europe turned out to split into two integration communities, with almost all states being involved in one of those. However, quite soon, from 1961 the whole Europe started to unite, with Great Britain, Ireland and Denmark applying for the European Communities membership. And still, UK continues to contribute first and foremost to its own interests, slowing the

pace of economic and political reforms and clearly having its own image of European integration. That didn't come unnoticed, and soon another prominent statesman, General de Gaulle, President of the French Republic, stated that "France doubts the political will of the United Kingdom to join the Community" [16]. The consequence of that was suspending negotiations with all applicant countries, including UK.

France remained reluctant to accept UK's membership till 1969, when, upon the request of the Council, the Commission brings up to date the opinion it rendered on the EC membership application of the United Kingdom, Denmark, Ireland and Norway. In 1970 negotiations with the member states resumed, with signing the Treaties of accession to the European Communities in January 1972 as a result, and UK's formal joining the EC in 1973. Since that time it was taking an active part in EC's reforming and functioning.

Following a change of Government in the United Kingdom, the British secretary of State for Foreign and Commonwealth Affairs makes a statement to the Council on the new Government's policy on the Community. He calls for major changes in the Common Agricultural Policy (CAP), "fairer methods of financing the Community budget" and solutions to monetary problems. In June 1974, the Council considered the procedures it should adopt for the examination of problems raised by the United Kingdom and discussed the way the Community institutions work. Some agreement was reached on the improvements to be made in the decision-making progress. For instance, the Council takes two decisions on the granting of assistance from the European Social Fund towards certain specific measures on behalf of handicapped persons and migrant workers. Next year the European Court of Justice rules that whenever a national of a Member State wishes to set up in business in another Member State, the other Member State is obliged to refrain from applying any law, regulation or administrative provision or practice which might discriminate against him as opposed to its own nationals [17].

In March 1975, the European Council held its first meeting in Dublin, Ireland. A success of British diplomacy was that the major decisions were taken enabling the United Kingdom Government to recommend continued membership of the Community. A declaration relating to the Conference on Security and Cooperation in Europe was adopted. A week later, Mr. Harold Wilson, the then British Prime Minister, stated in the House of Commons that the UK Government would recommend the British people to vote "yes" in the referendum on the United Kingdom's continued membership of the Community. A month later, in the House of Commons, 369 members voted in favour of the United Kingdom staying in the Community with 170 voting against it; three months after that, the outcome of the British referendum reveals the unexpectedly high 'yes' vote of 67.2% (or 17378581) in favour of the United Kingdom remaining a member of the Community [18].

In 1984, the European Council was held in Brussels, Belgium. Agreements were reached in a number of areas, however, the vast majority could not be finalized given the disagreements on the calculation and the amount of compensation to be granted to the United Kingdom to reduce its contribution to the Community budget. A month later, the European Council that was held in Fontainebleau, France, agreed on that amount (the UK was one of the few countries to demand compensation).

Preserving its independence, Britain didn't join either the Single Currency treaty or Schengen treaty of 1990.

The Labour government which came to power in 1997 fell out of the tendency of the previous years, being instinctively pro-European. It arrived with a commitment to ensure Britain took up its "rightful" place at the heart of Europe. In an effort to remove the single currency as an election issue, the Labour Party adopted the previous Conservative government's policy of

“wait and see” and promised a referendum ahead of Euro entry. However, it seemed more likely than ever that Britain might join EMU. Indeed, in the autumn of 1997 an unsourced “leak” to a British newspaper, which suggested the government was close to announcing a date for Euro entry, was greeted with euphoria in the London markets. At that stage it seemed likely that Britain would join the single currency in about 2003 [19].

There is little doubt that Tony Blair’s government made good progress in some key EU policy areas; it has been unusually successful at securing senior positions for its own highfliers within the Commission apparatus. The 2007 Lisbon Summit also provided a notable triumph for the British approach to Europe with its emphasis on liberal economic reforms and “soft” methods of enforcement such as benchmarking and peer pressure.

As time has proved, the two successive terms of seemingly pro-European Blair’s government didn’t turn British diplomatic course from its British way towards European. Long after 2003, Britain still didn’t take that decisive pro-European step as replacing its own stable pound with the quite well-doing, but joint euro. According to Sir Stephen Wall, the former UK Permanent Representative to the EU and former EU Adviser to the Prime Minister, “there was little substantive difference between Tony Blair’s government and the previous Conservative one under John Major, except for Blair’s slightly greater willingness to accept extensions of qualified majority voting and a constant desire to demonstrate the benefits of EU membership” [20]. Sir S. Wall goes on to say that “Brown is not such a committed European as his predecessor Tony Blair and is unlikely to make the case for Europe in the run-up to an election due to his need for the support of a eurosceptic media and the challenge of getting the new EU treaty ratified” [21].

Naturally, the next Prime Minister was performing definite actions to get rid of that eurosceptic image – which might as well be just one more diversion of the UK’s foreign policy. “The EU is essential to the success of Britain and a Britain fully engaged in Europe is essential to the success of the EU”, Brown told journalists after the meeting with Commission President Jose Manuel Barroso on 21 February 2008. Adding that he has “no doubt that in this time of global uncertainty we should not ever be throwing into question the stability of Britain’s relationship with the EU”, Brown was trying to “charm” EU officials, and make the whole matter look decent. Still, the anti-British scepticism is quite strong, especially taking into account the UK’s policy towards Lisbon treaty of 2007. Despite the fact that it was signed by Britain, currently this country (as well as Ireland) have an opt-out from European policies concerning asylum, visas and immigration. Under the treaty they will have the right to opt in or out of any policies in the entire field of justice and home affairs. To make things clear, the UK Foreign Minister David Miliband, speaking in the House of Commons on 20 February, though acknowledged that the Lisbon treaty would strengthen British foreign policy, also made clear that his country would continue to decide its own foreign policy and said that “only where we agree with others can there be a common European role in helping to deliver it” [22].

Contemporary British European Policy is at a crossroads. Further abstention from the common policy, as well as using the cover of “common European goals” to achieve its own goals in selected areas, could lead to the fact that other European countries would rapidly lose patience and push ahead with their own agendas, with an opposition to Britain becoming stronger. As A. Murray suggested, “a reviving Conservative Party may even follow the logic of its recent European pronouncements and begin to campaign for outright withdrawal. The policy battle would no longer be about the pros and cons of the Euro or how Britain can best play a creative European role, but whether the country has any future in the EU at all”.

In fact, the new Government is going to bring a fresh approach to Britain’s involvement in the EU. The present Minister for Europe Mr. David Lidington confirmed, that “there has been

a profound disconnection between the will of the British people and the decisions taken in their name by the British Government in respect of the European Union. This Government is determined to reconnect with the British people by making itself more accountable for the decisions it takes in relation to how EU develops. We plan to decentralize the power from the Government to the British people, so the people can make the big decisions on the direction of the EU. This Government is committed to allowing the British people to have their say on any future proposals to transfer powers from Britain to Brussels” [23].

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INTEGRATED MANAGEMENT SYSTEMS BASED ON INTERNATIONAL STANDARDS

Origin of systems approach to management of organizations historically could be referred to middle of previous century. In its essence this approach is based on a general systems theory principles founded as it is well recognized nowadays in a fundamental research works of Alexandr A. Bogdanov [1] and Ludvig von Bertalanffy [2].

Conceptual idea of systems approach to management is that of considering an organizational structures as a totality of interrelated and mutually influenced during functioning elements. Particulars of the elements, connections between them and processes running describe organizational system behavior. From the other side it means that we adequately can model real organizational system performance only in case of precise consideration of all this components.

Historically systems approach was firstly applied to quality management. Second world war and drastic growth of armament mass production clearly demonstrated inefficiency of quality control approach in ensuring military products characteristics. Number of inspectors necessary to provide technical control during technological cycle in several cases became comparable with number of production workers operating in a workshops [3].

Quite quickly systems approach demonstrated its efficiency in quality sector and obtained standardized format initially in different national military standards like MIL-Q-9858 which created a platform for international standards for quality management systems ISO with series number given 9000. First version of these standards was issued by International Organization for Standardization ISO in 1987 which has been followed by 3 others in 1994, 2000 and 2008 [4].

Because of their first appearance and fundamental nature standards on quality management systems served a role of methodological guide to similar standards on management systems in other sectors. Gradually during last 20-30 years systems approach to management covered all major directions of organizations operations. Table 1 summarizes most popular series of standards on management systems demonstrating impressive coverage of areas of organization activities. It should be indicated also that list of standards on management systems demonstrated in Table 1 is not supposed to be exhaustive.

Table 1
List of main international standards on management systems

Area, branch of industry	Standards
Aerospace	AS 9100
Agrifood	ISO 22000
Automotive	QS 9000/TS 16949
Energy management	ISO 50000
Environment management	ISO 14000
Information security management	ISO 27000

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Area, branch of industry	Standards
Machinebuilding	ASME
Medical equipment	ISO 13485
Nuclear	50C – QA
Oil and Gas	ISO 29000
Quality management	ISO 9000
Railway	IRIS
Risk management	ISO 31000
Social responsibility	ISO 26000
Telecommunication	TL 9000

Some other specific standards of sectorial nature are not given for conciseness. The main idea behind information presented is to illustrate how widely used standards on management systems already are. Totally not less than 50 series of international standards on management systems can be now enumerated underlining broad scale of their implementation.

In its essence international standards accumulate widely recognized experience on philosophy and principles of management systems, reflecting requirements to them, their structure and recommended practice of development and implementations. Based on this procedures for management systems assessment and audits are established.

Variety of international standards on management systems does not clearly indicate practical side of their application volume. Much more demonstrative in this respect is statistical information regular being collected by International Organization for Standardization on number of management systems certified by accredited certification bodies against different standards. This information is available through publications on yearly basis of ISO Surveys on Certification which present this statistics globally and country by country, standard by standard. Some general data extracted from latest Year 2010 edition of this survey are given in Table 2.

Table 2
Cumulative Number of Certificates Issued Globally

Years	Standards					
	ISO 9001	ISO 14001	ISO/TS 16949	ISO 27001	ISO 22000	ISO 13485
2000	457834	22847	-	-	-	-
2001	510349	36464	-	-	-	-
2002	561767	49440	-	-	-	-
2003	597919	64996	-	-	-	-
2004	660132	90554	10019	-	-	2403
2005	773867	111163	17047	-	-	5065
2006	896929	128211	27999	5797	-	8026
2007	951486	154572	35198	7732	4132	12985
2008	982832	188815	39320	9246	8206	13234
2009	1064785	223149	41240	12934	13881	16424

Statistic presented clearly demonstrates that number of certified quality management systems leading the race globally to the Year 2009 end has topped one million certificates with

number of countries where these certificates registered 178. The second in the line are environmental management systems which are numbered at the level of close to $\frac{1}{4}$ of million to the same time period and number of countries 159. Other management systems are following the trend already passed in a previous years by quality and environmental management systems.

Such globally wide utilization of systems approach in different fields of management is due to their main advantages, in particular:

- Holistic nature, embracement of organization totally;
- Prevention in contrary to elimination concept;
- Transparency and traceability;
- Continuous improvement concept;
- Involvement of all personal, general and professional culture growth;
- Easy adaptation and transformation;
- Economical efficiency.

Basically management systems are systems of organizations governance oriented to one or several areas, in particular quality, ecology, safety or others. Despite of certain specifics any management system includes following main elements: organizational structure, procedures, processes and resources necessary for system to function. If organizational structure determines general skeleton of management system, then procedures describe its performance and processes reflect operationally what is stated in procedures.

In addition to these common general elements any management system is based on fundamental Shewhart-Deming's cycle concept having its origin in ISO 9000 standards management systems:

Plan – Do – Check – Act.

Being formulated by its authors to structure first of all the whole management cycle this concept reflects also fundamental principle of systems closed loop with feedback necessary to assure any system stability and efficiency. Another general idea of this cycle is orientation to constant improvement which is based on a consecutive components and closed loop system principle described above being schematically shown in Fig.1.

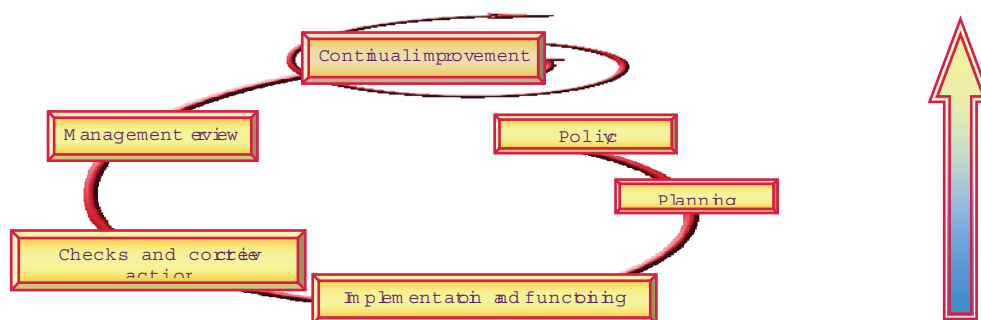


Fig.1. Conceptual Shewhart-Deming management systems model

Additional consecutive component in Fig 1 to compare with original Shewhart-Deming cycle and linked with forming of policy is closely related to strategic planning reflecting all modern management systems structure.

Recognizing efficiency of management systems more and more organizations are on the way to implement two and more of them to cover several areas of activity. In such cases invariably appears the question of different management systems compatibility. Despite of general nature and structure, common principles and concepts, there some important specific elements, which clearly differ one management system from another

Most distinctive feature of environment management systems, for example, is treatment of ecological aspects when in safety management systems risk management approach is dominating. Process of different management system combination in modern technical literature is called as their integration and such combined management systems as integrated.

To simplify the process of different management systems integration relative international standards are more and more aligned with basic standards ISO 9000 on quality management systems. General review of 3 most popular international standards on management systems including those of quality management systems – ISO 9000, environmental management systems – ISO 14000 and occupational health and safety management systems reveals clear correspondence between this standards general structure. Such general clauses as systems policy, planning, communication, documents control, operational control, internal audits, management review, corrective and preventive actions and several others in these systems are common or very similar. When comparing different management systems structures, depending upon system type, from 40 % to 60 % of their key elements could be considered as common. Such situation remarkably simplifies the process of different management systems integration.

Thus, management systems compatibility and possibility for their integration are grounded on the following basics:

- Community of methodological approach and general principles going back to the quality management fundamentals;
- Similarity of different standards structure;
- Closeness of the requirements composition, up to 60 % of them are common;
- Unity of general systems requirement, most of them are common;
- Similarity of requirements to documentation, its structure and content.

Based of mentioned above general picture of different management systems that satisfy to the requirements of relative international standards and when being considered separately, could be schematically presented by Fig. 2. Quality management system is located in the middle as playing the role of fundamental basis for any other specialized management system while these specialized systems oriented to specific areas of organization activity can be illustrated as a satellites of quality management systems. With respect to this specialized management systems could be considered as derivatives of quality management systems historically pioneered systems approach to management in general.

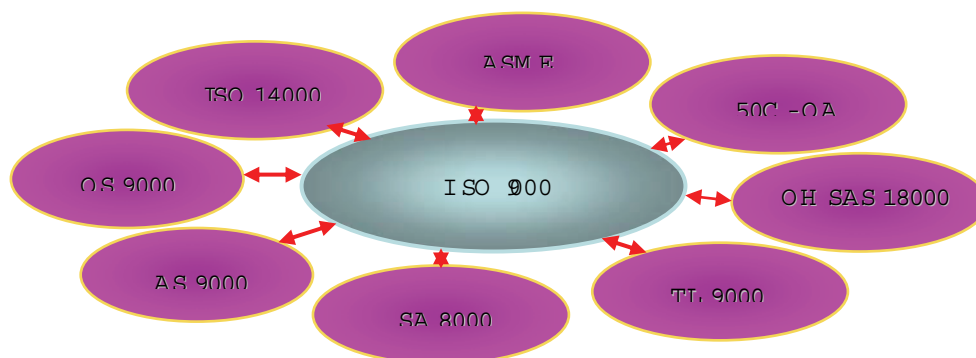


Fig.2. Schematic presentation of separate management systems

Process of different management systems integration should result in appearance of single management system schematically shown in Fig.3. Management system elements which are common create kernel in a central part of unified or integrated management system. This central part of integrated system is based on quality management system general requirements which are common.

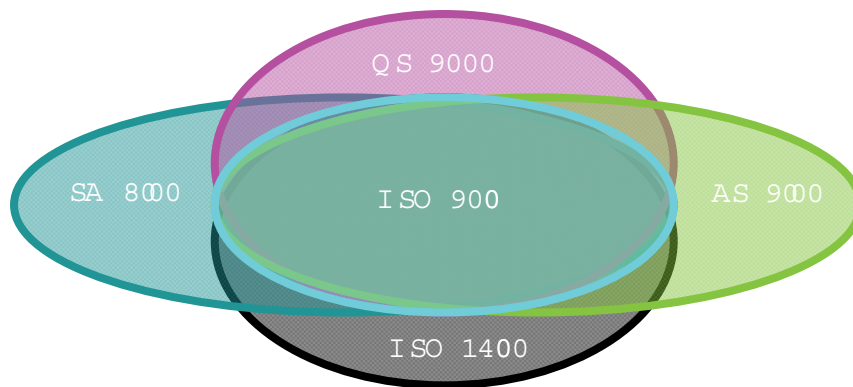


Fig.3. The integration of quality management systems

Specific elements of separate management systems which reflect their particulars occupy in Fig. 3 segments outside of central common part of integrated management system. Number of these segments corresponds to number of separate systems incorporated into single integrated management system. Area under each segment may represent degree of specificity of separate management system, its level of difference from common kernel system's elements. Schematic presentation of integrated management system philosophy given by Fig. 3 is quite illustrative to demonstrate main idea behind of different management systems combination.

One of the important point of integrated management system is structure of its documentation that describes system functioning. Generally, documentation of any management system schematically could be presented as pyramid shown at Fig. 4. Upper level occupies common policy which should reflect special features of all management systems involved. Next layer belongs to manual which again should describe general provisions as well as peculiarities of branch management systems. General structure and content of third and fourth layers, which accordingly represent working instructions and records of systems functioning, are similar to upper ones. They include general points and special features formulated in separate or common documents of these types.

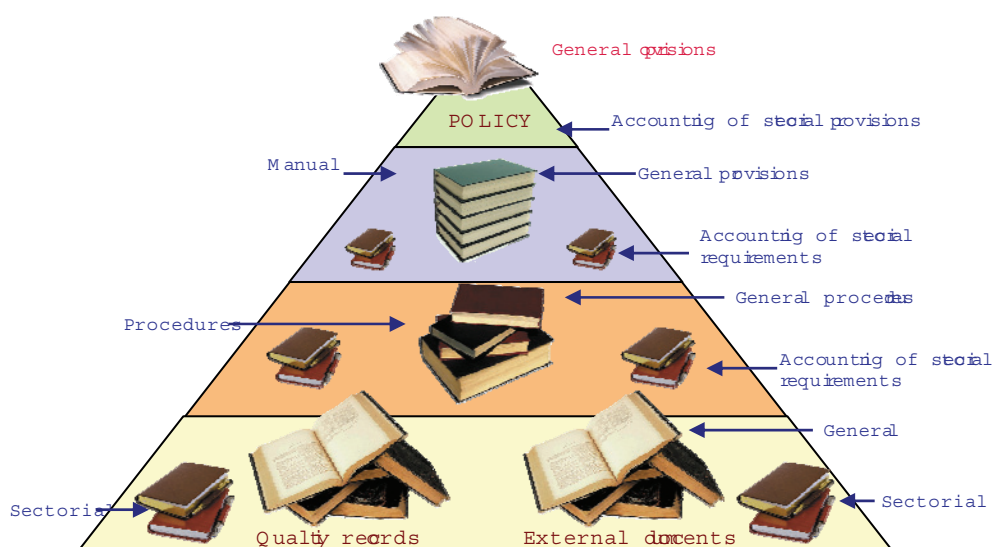


Fig.4. Structure of integrated management system documentation

This is quite clear that integrated system documentation structure presented by fig. 4 is of common type. In any particular case detailed structure of integrated management system docu-

mentation and composition of its different layers depends on many reasons including type of management systems incorporated in a single system of integrated type, company type, its size and structure, general principles put in a concept of integrated management system creation, etc. In any case developing integrated management system following main rules should be followed:

- Integrated management system should satisfy full set of requirements of standards they intend to be complied with;
- Any duplication or contradiction in different separate systems included in integrated one should be excluded;
- Integrated system should utilize all advantages of separate systems unification being simple, transparent and efficient as much as possible.

Practical aspects of management systems integration lead to the question of conceptual sequence of such project implementation in a company. Three possible schemes should be mentioned.

First approach is most general and corresponds to the situation when integrated system reflecting elements of all separate systems are to be developed and implemented simultaneously. Being of general type this approach is most complicated and requires biggest efforts and resources to be devoted to the project from the company. Scheme could be recommended for the company which already gained some previous practical experience in management systems implementation.

Two other approaches correspond to the situation when company already implemented or has an intention to implement single management system. Most popular for this approach is situation when firstly quality management system as basic one is already in place or is planned to be developed and implemented and as a second step special segments which reflect branch systems elements are to be added. This scheme is preferred because during basic quality management system implementation all staff will be already involved and practically trained. This will simplify remarkably further management system integration.

In several other cases company is interested to implement first of all specialized management system. Such cases could be related to tender conditions, customers requirements or other market linked reasons. Then after implementation of specialized management system most common quality management system or some other is to be integrated. Any essential difference between last two schemes does not exist. Hence, selection of most adequate scheme is the subject of company's decision based on environment company operate in.

Summarizing it could be stated that efficiency of systems approach to management lead to more and more wide utilization of management systems. Number of specialized management systems is steady increasing numbering in nowadays more than 50. This makes important question of different management system integration. Examination of most popular management structures and concept of its appearance clearly demonstrate that their unification or integration is of natural character. Different schemes of such integration are demonstrated and as a general guidance it should be noted that process of management systems integration paves the way for creation of corporate management system which takes into account all aspects of company managements.

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SPECIFICITY OF DOMESTIC POLICY OF REGULATION IN SECTOR OF SERVICE EXCHANGE WITHIN ECONOMIC GLOBALIZATION

The national trade policy, key connecting link between the world market and domestic systems of resource distribution, determines the efficiency of national economy integration into world trade system. The latter depends on the necessary institutions existing in the country and its trade partners, and their conducted trade policy, which assists in mutually beneficial exchanging based on specialization and comparative advantages.

Different measures of the national regulation affect more the national level of the trade in services than the trade in commodity. The basic task of multilateral trade negotiations is establishing principles which would promote trade liberalization. Article VI of the GATS directly turns to domestic regulation and establishes that each member shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner [1].

Numerous publications of domestic and foreign experts highlight different approaches to a range of problems of the domestic regulation in service sector. Works by modern foreign economic scientists such as A. Deardorff, D. Marque, A. Mattoo, E. Ostroma, R. Roderick, J. Stieglitz, K. Fink, B. Hoekman, J. Hodgson, J. Francois, R. Stern etc. are dedicated to researching main reasons, forms and consequences of domestic regulation policy in the light of formal and informal economic institutions.

Global economy crisis determined the necessity to develop new economic and institutional mechanisms of the national regulation of service market. A developed institutional system reduces the vagueness of trade contracts and as a result minimizes transaction expenses in the international trade in service.

One of the basic principles of the domestic regulation under the GATS is application of national treatment to foreign goods and services. It means that each member shall accord to services and service suppliers of any other member, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and service suppliers. But the trade may be restricted by some regulatory measures without discrimination of foreigners, for example, some standards and licence requirements and absence of regulations stimulating competition. The important initiatives in such sectors as business accounting and communication services have lately been proposed to resolve the foregoing problems. But in general, the system of restrictions, provided for by the GATS for methods of national regulation at the national level, is still weak enough.

Actual transparency of the service sector for international competition is stipulated by three factors: openness, transparency and predictability. The first one – openness – is determined by a level of advantages given to domestic companies by legislative and administrative practices or a level of restrictive measures for foreign companies at the service market. The second factor – transparency – characterizes the transparency of existing treatment and administrative practice in the service sector. Even if the treatment is relatively liberal but it is difficult to receive the

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information about the conducted policy or to determine how administrative process affects then such absence of transparency may keep service suppliers from entry into the market. The third factor is predictability of legislative treatment in the service sector. Even if slight restrictions exist in service operations or foreign investments in a specific service branch, the possibility of further implementation of restrictions on property or discriminatory taxes impedes foreign investments into the service market. The key point is that openness, transparency and predictability of trade treatment the state provides for different sectors are very important for competitiveness of national goods at export markets, for sustainable development of export of services and for preservation and improvement of economic relationships.

The program of regulation within national borders is in fact the program of development; at the national level it means the types of norm and rules which should be implemented and the institutions which will carry out them. Some regulatory measures may affect foreign companies' ability to compete in the markets, but it shouldn't be the basic factor for multilateral rules development. Regulation should be directed to eliminate loops in national and world markets and it should be done in effective way. Applying restrictions on trade in services (according to the Article on General Exceptions from GATS rules) may be necessary to achieve social and other goals. But in general such measures are not effective: a universal economy principle says that the cause of market distortions should be eliminated and in most cases trade is not a reason for such distortions.

In general, the probability of any regulatory treatment effectiveness increases if it operates separately from the national policy, but could serve the national priorities.

Economic reason for necessity of domestic regulation of service production, as well as goods production, is, first of all, inability of regulatory functions of market mechanism that stems from three problems: natural monopoly or oligopoly, asymmetries of information and external effects. Social reason for necessity of domestic regulation is basically connected with the matter of social justice.

Natural monopoly or oligopoly is a character feature of so-called localized services (i.e. services depending on location) [2]. Such services need first of all specialized distribution systems: automobile roads and railways for surface transport services, communications channels and satellites for communication services, channels and pipelines for water supply and sewerage systems, and also electricity transmission lines for energy supply. Special equipment may be required (railway stations and bus terminals, sea ports, airports, telephone stations) to transmit or receive such services. One of the reasons of monopoly or oligopoly is the difficulty to duplicate systems and terminals, taking into account limited space for placing such systems. Another reason is high barriers to enter the market due to huge primary investments. But it is worth remembering that the latest technical innovations in such sectors as communications promote the appearance of non-large production facilities, optimal in scale, and disprove a popular belief of inevitability of monopoly in the markets.

The problem of asymmetry of information relates to non-price competition based on specific knowledge [3, p. 125]. Buyers are often informed inappropriately about real service sellers' characteristics. That is why consumers could not assess the specialists' competence level, for example, doctors or lawyers, or soundness of banks and insurance companies. Generally speaking, providing appropriate information could resolve such problem, but spreading necessary information among individual service buyers is rather expensive. In such cases it is easier to regulate the activity of service suppliers than to provide information and knowledge to consumers of such services. Bringing minimal regulatory requirements to service suppliers means certain standardization, reflecting uniformity of consumer requirements for service quality.

In such a way the national regulatory authorities ensure that all banks meet certain minimal requirements of financial reliability and specialists have certain level of competency. To regulate the market of ultimate services, which are usually invisible and oriented to special consumers, is usually more difficult than to regulate the market of resources consumed by the sectors for providing these services. Regulation of the market of resources usually is reduced to imposition of restrictions to entry the market.

The UNCTAD's and World Bank's works assert that "the service suppliers are likely to prefer higher profits as a result of the implementation of restrictions on market entrance by other companies or restrictions on competition between already existing service suppliers. Upon implementation of any regulatory norms and rules the main point is to provide that the existing suppliers of some service could not use such norms to protect their interests" [4, p. 42]. The difficulty in establishing restrictions at the national borders on in supplying services, which are random visible, makes the regulation too much an attractive measure of protection for domestic service suppliers from foreign competition. The problem of external effects appears when market prices don't reflect in full all expenditures and benefits from appropriate operations. The most popular examples are negative external effects in the sector of environment, which are evoked by transport and tourist services producers. Even on back of significant differences between service sectors the attention concentrated on fundamental principles of domestic regulation makes the basis to establish the important horizontal rules and norms covering all service sectors.

Multilateral norms and rules formation should not substitute the strengthening of domestic regulatory mechanisms and institutions. In this context a very important role is given to three areas of the domestic regulation of service market: monopolies, asymmetry of information and choice between effectiveness and justice.

The WTO norms and principles are generally aimed at providing effective access to the market. The GATS and supplementary agreements establishing principles and rules for certain service sectors (air transfer, financial and telecommunication services) do not regard broader matters of consumer interests and impact of monopolists' behavior on them.

Undoubtedly, the prices should be determined by market forces on competition markets, where regulatory price-setting is connected with some difficulties. But regulatory authorities of developing nations with slow competition evolution should establish legislative and technical tools to be able to regulate pricing. It is worth emphasizing that the GATS does not have any provision, which could prevent any state from conducting the policy of competition favoring unless this policy discriminate against any company.

Liberalization of localized services may assume, first, establishing the competition wherever it is possible. For example, in railway transport sector a monopoly owner of vans may lease them to independent competing companies dealing with trains exploitation and transport services rendering. Second, it is possible to organize the competition for the right to supply localized services. The right for cargo transportation may be sold by auction to that company which would undertake to supply services at the lowest prices. In this context an interesting issue rises: in what cases the services that may be provided on competition basis should depend on other services rendered on monopoly basis by the state or private companies. The challenge is to provide such condition where all domestic and foreign service suppliers would have access to significant infrastructures staying under monopolies' control. For example, telecommunication sector needs favoring of the competition to establish competitive environment and benefit from liberalization. But the experience of different nations showed that there arise political and economic difficulties, which could be eliminated only step by step. Moreover, most developing countries are limited in their abilities to pursue such a policy.

A lot of countries have implemented the system of independent regulatory bodies in sectors of basic communications for preventing monopolists from impeding other companies to enter the market by means of increasing tariffs on connection to existing networks. The same approach is used in a number of other cases, for example, when supplying transport services (terminals and infrastructures) and energy services (distribution systems). In small countries establishing and functioning of an effective regulatory authority for service sector requires significant regular expenditures, which could saddle the national budget.

However, the regulation of prices for connection to existing networks may not be sufficient. Sometimes, small markets cannot create conditions for effective competition of companies supplying telecommunication, transport and financial services even through elimination of any and all barriers to entry to such markets.

In our opinion, this occasion is explained by the two interconnected reasons. The first one is that domestic service markets, unlike commodity markets, are often a segment of one common international market because some services could not be provided from one to another territory. The second reason is that abandonment of one technology in favor of another modern one with the optimal output reduced, as well as final expenditures in these sectors, are insufficient factors to preserve competition in small markets. Thus, it is inescapable to regulate the final price in this or that manner.

In some cases, this regulation may, in principle, be carried out at the national level, although in practice many developing countries lack the means necessary for this. In other cases, there is a need in multilateral efforts that allow to adjust prices in the markets of small countries that do not have sufficient capacity to carry out functions of control and enforcement.

Specific attention should be paid to the theory of asymmetry of information when analyzing the problems of regulation of service sector. This theory was worked out by J.U. Stieglitz, J. Akerlof, M. Spence and V.-C. Wikri, the Nobel Prize winners in Economics [6, p. 71-82]. Non-material character of services which needs the simultaneous interrelation between a producer and a consumer makes the information the basic problem when furnishing it. The consumers of intermediate and intellectual services often deal with difficulty without having full and reliable information on quality of the service they get. Thus, service sector is characterized by the asymmetry of information. In those cases when spreading and receiving of such information is related to huge expenditures and when consumers have similar advantages concerning significant features of a service producer, implementation of the measures regulating the entry of such producer to the market and its work in this sector may increase the social well-being.

But it is not simple to establish institutions capable to conduct effective regulation (as seen from the experience of financial sector); and this has appeared not only in a number of developing countries, but also in the USA, Sweden and Finland in 80th-90th in the XX century and recent financial crisis [7, p. 6]. Non-efficiency of regulatory processes as a long-term factor raises nowadays the issue of the most effective sequence of conducting reforms; first of all it is related to a priority of implementing such elements as sensible intensification of regulatory processes and liberalization of trade and investments.

Moreover, another problem appears. The norms of domestic regulation themselves, compensating the non-effectiveness of market mechanism, could become the factor which impedes the development of competition and trade. The explanation is in differences between jurisdictions of technical standardization systems, regulatory norms and qualification requirements in professional, financial and other services.

In many cases the influence on trade is an incidental consequence of well-grounded economic measures, but sometimes the regulation becomes very attractive protective measure for

domestic service suppliers against their foreign competitors. The rules and principles of multi-lateral trade may stipulate economic reasonable anti-protection measures.

The necessity of effective regulation of trade in services does not require any grounding, especially in the light of global financial crisis. Establishment of reasonable mechanisms of such regulation depends on the states, and it is really necessary if the country wants to get a full scope of benefits from liberalization of services [7, p. 21]. A lot of countries with successful experience of accessibility of their markets for foreign companies, such as Brazil, Chili, Hungary, Ireland, Poland, Portugal and Spain, were also involved into the process of domestic deregulation of financial services with great benefits gained by the reforms [8]. The experience of the new EU members indicates that internalization and deregulation within the country could mutually intensify each other [9, p. 19]. Expansion of the market accessibility for foreign companies enhances the structure of financial sector by generated stimuli for improvement of the system of domestic regulation and supervision, implementation of improved rules of financial information disclosure and amelioration of legislative and regulatory base of financial services provision. This also increases the confidence for established rules. Such benefits from the market opening for foreign companies are achieved both top-down as a result of government actions and bottom-up as a result of labor market pressure.

Trade policy influences the poor strata through three basic channels:

- through the price of their consumer basket;
- through demand for their work force and other assets they have and which influence their incomes;
- through budget income changes and consequent changes of possibilities to finance aid programs for poor citizens.

When assessing the impact of any change in trade policy on the nation well-being the first stage is to clarify what poor people consume and what they are able for (type of workforce, skills and others assets).

If a certain country is a relatively non-effective services producer, then liberalization and intensification of foreign competition will probably result in domestic price cut and service quality improvement. The scope of these services consumption by the poor stratum influences the benefits they receive from liberalization of trade in service. But this dependence is not absolute: as a rule the prices are not determined by market forces before liberalization and they are set by administrative tools and kept at a low level artificially for certain ultimate consumers or for some kinds of services.

Thus, countrymen receiving loans can pay lower interest rates than urban citizens do, and the prices for telephone conversations through urban communication channels and for transport services may be kept at the level below expenditures. Sometimes, the aim is to provide access to services for all consumers at the same price regardless of service expenditures (for example, transport and postal services). In other cases the aim is to provide cheaper access, for example, to financial services, for certain categories of consumers. In this case the structure of prices is usually maintained by cross-financing within domestic monopolies or by financial support from the national budget [7, p. 10].

Until special measures of the national regulation are taken, the liberalization is a threat to all such aims and plans. Elimination of barriers to the market entry stipulates the suspension of cross-financing because after liberalization companies lose the possibility to earn great incomes in some segments of the service market. New enterprises approaching the market may focus on the most profitable market segments, such as urban district where the network expenditures are lower and incomes are higher. And the privatization may mean the suspension of support from

the national budget. As a result, even if the sector becomes more effective and average prices get lower, then prices for some key ultimate consumers may rise in fact.

But there are some examples of positive relations between competitive market structures and development of services in such sectors as basic telecommunications. Especially, this is related to the countries where starting conditions are weak with consequent low density of communication lines or lack of services. Simple implementation of market forces may significantly improve the access to services if services have been traditionally provided by non-effective national monopolies even in the poorest countries and among citizens with low incomes.

Reaching of desired social goal of providing versatile services in economically effective way is the main challenge to people who make decisions at the national level. The method chosen by them to reach the goal has probably great influence on trade in many service sectors such as financial, transport, communication, health care and education. The government may choose from a wide range of measures – from total market suppression to pursuing policy which influences the results of market functioning.

Returning to the history, the governments often relied on national monopolies, wishing to provide versatile services both by cross-financing in different market segments and by transfers of funds from the national budget or banks under government control. Such measures had often no success. The reason is not only in non-effectiveness of monopoly structures. Such governmental measures encumber service suppliers and nowadays this burden is a great hinder for liberalization in many countries. For example, national commercial banks are encumbered by bad debts that appeared due to previous national programs of direct lending that is why such banks cannot compete with foreign banks.

It is worth mentioning that obligations to provide versatile services may also be imposed on new companies entering the market and observing non-discrimination requirement. In some countries such obligations were one of the conditions for new companies entering the market of fixed telephone and transport services to obtain a license. But using budget and tax tools proved more effective in comparison with direct administrative regulation [11, p. 32].

The governments of different countries tried to implement various kinds of subsidies, for example, vouchers to render services in different spheres – from education to energy. The voucher-based service provision has at least three advantages: 1) it ensures the service addressness – it is received by a person who needs it but could not pay for it; 2) voucher eliminate disbalance in the service system where the price for services is artificially understated to provide accessibility to them; 3) voucher-based services fully eliminate any discrimination when choosing a producer thereof.

Multilateral obligations and maintenance of domestic reforms. The fundamental factor within WTO negotiations on domestic regulation issues lies in not so much that the regulatory measures explicitly discriminate foreign companies but that differences in national treatments require additional expenditures from companies operating on international markets. Efforts concerning implementation of common standards will hardly have results because differences in national treatments represent objective differences in the national conditions and advantages. Therefore, the harmonization of national treatments in many sectors will probably have no effect. It does not mean that multilateral provisions should not be worked out. For example, the provisions requiring transparency and disclosure of essential information may be useful in struggle for corruption and chase for rent. Practical methods to settle the issues of establishing national treatments and executive institutions may be found. The way of using them in appropriate situations should be determined by the authorities of respective countries.

As a new round of trade negotiations within the WTO approaches the issue arises: whether it is better, as before, to rely on further initiatives within certain service sectors or we should look for more global approach to settle the issue?

Variety of service sectors and difficulty to make general conclusion based on which the decision may be taken contributed to an individual approach formation which accounts for a specificity of certain service sectors. But we consider that notwithstanding a broad variety of service sectors the strengthening of branch specific approach to the regulation is irrelevant. Economic and social reasons set as principles of regulatory interference of the state into service sectors are the basis to create relevant horizontal regulatory rules, uniform for all service sectors.

Such a general approach to service sectors is more suitable than specific one by separate sectors for at least three reasons:

- it shortens negotiation process;
- it leads to establishment of the provisions for all service sectors rather than for some politically important sectors;
- it reduces the possibility that the negotiation process would be led by particular group of people protecting their own interests in the respective service sectors.

In many sectors of trade policy the interested companies may be against regulatory measures or necessary measures for achieving social and other non-economic goals. In such cases, the same as in the event of usage of traditional trade policy, it is important to ensure that different interested groups beyond the government could analyse consequences of regulatory measures.

It is especially important in such areas as government procurement and environmental protection. In these sectors inadequate measures may lead to huge losses for economy and society.

Pursuant to the WTO principles providing reliable access to service market, we believe that to use the GATS would be quite useful to strengthen the effectiveness of domestic policy and to guarantee the access to the international markets through legal regulations and undertaken obligations. The GATS may ensure the environment when domestic regulation would favour the liberalization in trade, and ensure non-discrimination when choosing trade partners by using effectively the most-favored nation treatment.

The GATS favours the reliable access to already existed markets. For example, e-trade in goods has to be free from any evident barriers in light of the fact that more and more developing countries are turning to this market. But it would be more effective to expand and intensify the obligations within the GATS on international trade liberalization as a whole and e-trade in particular.

Developing countries will have more advantages from implementation of strict multilateral provisions on the sectors and limits of national regulation. Such provisions may favour the reforms of national regulation and it has occurred, in sort, within the negotiations on liberalization of basic telecommunication services. Also exporters from developing countries need these provisions as a tool of counteraction against the regulatory barriers protecting foreign markets in the form of cumbersome licensing and qualifying certification for persons rendering professional services or in the form of restrictive standards in e-commerce.

It would be useful to eliminate certain flaws in the GATS provisions that are related to observance of most-favored nation treatment. One of the most obvious issues is numerous cases of illegal granting of most-favored nation treatment. A less obvious but potentially a more serious issue is a possibility of hidden discrimination by signing contracts on providing preferential treatments and quotas distribution. The GATS provisions require definite formulation and consolidation to protect developing countries from discrimination on export markets and pressure to grant preferential access to their markets for certain international service suppliers (according to some information, nowadays such situation has occurred on the Chinese market of insurance services).

Competition suppression which is under jurisdiction of national legislation on competition may be used in such sectors as sea and airline transport services and communications. The existing GATS provisions provide only exchange of information and consultations. The multilateral provisions should be strengthened to ensure that the countries having insufficient potential to maintain the discipline are confident in obtaining benefits from liberalization by them rather than by international cartels. For example, the USA and the EU could start from inclusion of “anti-competitive conspiracy” in the sector of sea transport services into the list of measures falling under the competition laws. It would be better that foreign consumers acquire the right to struggle against anti-competitive measures, which are used by the companies supplying services, in courts of those countries where such companies’ owners domicile: the WTO provisions concerning intellectual property and public procurement have already had a similar rule.

Effective domestic regulation (from reasonable regulation of financial and professional services to regulation generally stimulating competition in some service sectors) is a factor of significant nature to realize benefits from services liberalization [7, p. 26]. The experience demonstrates that the elaboration and implementation of regulatory measures is not an easy task, and a lot of developing countries face serious difficulties in the attempts to regulate markets. Regulatory bodies require many transaction expenditures; their personnel should have high level of competence. In some way transaction expenditures may be refunded out of branch incomes or through mechanisms of regional cooperation; but effective regulation may also be maintained by international assistance.

Nowadays technical assistance in adjusting regulatory processes has been already provided usually on the basis of bilateral agreements or within the cooperation with international organizations. However the systematic work on providing assistance in adjusting regulation of key service sectors is needed.

Moreover, improvement of domestic standards and requirements is necessary for a country to ensure its ability to export services. For example, the main obstacle in professional services exportation may present low standards of their provision and discrepancy between domestic and international levels of education and professional qualification. Thus, non-efficiency of domestic regulation may become a pre-condition for external barriers in trade in services. At the same time, the developing countries should actively take part in elaboration of international regulations and standards, especially in such new branches as e-commerce. Otherwise, new standards would represent demands of solely developed countries with further impediment for developing countries in participation in services trade.

Lately it becomes more obvious that successful development of international trade and investments depends on both political measures impacting directly trade and investment flows and national regulatory measures. As a result of progress achieved in trade liberalization lately, there has arisen the necessity to focus on elimination of other factors obstructing the progress of these flows. It means, in particular, the implementation of regulatory measures at the national level, which may lead to unforeseen consequences in trade and investments.

Acceptance of the fact of interconnection between trade liberalization and investments and effective regulation favours rigorous activities towards favorable conditions for regulatory reforms [7, p. 16]. The countries seek to achieve the maximum benefits from global competition expansion which has become possible due to trade liberalization. At the same time, the international trade system and liberalization process require from all the countries the adoption of specific obligations at the national level, in particular, certain obligations in the field of enforcement of particular regulatory methods under the GATS provisions.

The effective regulation of trade in services does not need reasoning, especially in the light of global financial crisis. Establishment of reasonable mechanisms of such regulation depends

on the states. And it is really necessary if the country wants to have a full scope of benefits from liberalization in the international trade in services. The regulatory policy should be directed at elimination of drawbacks in national and international markets. Restrictions on trade may prove necessary to achieve national, social and other goals. But in general such measures are not effective: universal principle of economy says that the cause of market distortions should be eliminated and in most cases the absence or underdevelopment of certain institutions is exactly the reason for such distortions.

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BANKRUPTCY LAW DEVELOPMENTS IN MODERN UKRAINE

With the disintegration of the U.S.S.R. one of the largest legal systems known as socialist law has ceased its existence. Among the main features of this unique legal system are as follows. The socialist law was based on civil or continental law traditions [1, p. 12]. At the same time legal norms (in the form of laws, decrees, ordinances, orders, etc.) that formed the Soviet system were highly codified [2, p. 56] – the codes remained the main source of law. All legal norms were grouped by character into institutes, branches and sub-branches. It is important to note that socialist ideology predominated at law-making process and it was reflected in the basic provisions of the laws [3, p. 434].

Since declaring independence from the former Soviet Union in 1991, practically all former socialist republics (among which are Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, and 3 Baltic states: Estonia, Latvia, and Lithuania) have been trying to implement comprehensive political, economic and legal reforms. The central goal of those reforms was assurance of transition from a socialist legal system and centrally administered economy to a new system based on the Western concept of ‘rule of law’ [4, p. 611] and free market principles.

The main advantage of the legal reforms in the countries of the former communist block countries is that those states are clearing off the heritage of the socialist law traditions. The reform of Ukraine's legal system proposes the reception of market-driven, legal institutions that were not – for obvious reasons – applied previously under the conditions of a planned economy. One of these private-law institutions is bankruptcy. The necessity of introducing this institution is clearly related to the successful implementation of economic reforms in the country [5, p. 26].

During the Soviet ruling there was no need for private law remedies to regulate economic relations, particular in the area of bankruptcy. In the command economy with only state-owned businesses and no market economy, there is no need for a bankruptcy system [6, p. 28]. When a Soviet enterprise faced financial difficulties the government provided with a financial assistance or simply granted direct funds from the budget to cover losses of insolvent state undertakings. Another very common way to solve the debts' problems was forgiveness of monetary obligations.

It is quite obvious that the bankruptcy law did not exist during practically the whole period of the U.S.S.R. existence. Only during a short period of time in early 1920s the bankruptcy proceedings were in use when so called ‘new economic policy’ was announced at early stages of the young Soviet State development to encourage private business initiative [7, p. 31].

Newly independent states – former republics of the Soviet Union started developing market-oriented laws to support democratization process. A draft of the bankruptcy law which was developed in 1990 shortly before the Soviet Union dissolved and submitted to the Supreme Soviet of the U.S.S.R. became the basis for the development of a new legislation in the newly independent states.

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The year of 1992 marks the starting point of bankruptcy law formation in Ukraine and the region. The bankruptcy legislation became an important part of national legislation in the post-communist countries in the effort to establish fair competition among market players.

The early legislative work in the countries of the region, including Ukraine, is characterized as quite chaotic. For instance, after Ukraine declared independence hundreds of new laws have been enacted by the Parliament without any program of legislative work for the transitional period [8, p. 955].

Institution of the bankruptcy regulation in the countries however inherited socialist law traditions have been taking place practically in the absence of theoretical developments in this area. The Soviet scholars focused their research at criticizing the way the capitalist countries use the bankruptcy regulation [9].

The bankruptcy law developments in the countries of the region can be divided into three stages of its evolution and further improvements. These stages correspond to relative periods of private law reform and legal systems modernization. Some scholars call these stages 'the waves' [10, p. 455]. Formally during these stages new laws were adopted after comprehensive reforms.

Ukraine was one of the first countries of the former SU that adopted in 1992 the bankruptcy law among dozens of other private legislation pieces [11, p. 27]. The 'first wave' bankruptcy law development is linked to adoption of the first law in this area in the former Soviet Union countries from 1991 through 1993. These laws focused at building new legal systems more adjusted to economy transformation.

It is important to note that Ukrainian 1992 Bankruptcy Law was submitted to the Parliament as a part of a privatization law package intended to facilitate the transfer of state property to private persons using bankruptcy rather than privatization procedures.

In Ukraine as well as in other countries of the post-communist block the first laws were drafted practically in the absence of a concept of bankruptcy legislation as a set of general rules and principles [12, p. 24].

Comparing the bankruptcy laws of different countries it is worth to note that Ukrainian 1992 Bankruptcy Law most resembles the German Bankruptcy Code (Konkursordnung) [13, p. 583], which was in force till January 1, 1999. The new German Insolvency Law (Insolvenzordnung) came into force January 1, 1999.

Application of the first bankruptcy laws in the countries of the region disclosed difficulties in achieving the goals proclaimed in preambles and general provisions of the relevant laws. Ukrainian Bankruptcy Law was amended five times before it was totally revised in 1999.

So called 'second wave' laws that were adopted after 1996, mostly with the purpose of replacing early enacted bankruptcy laws that became not able to fulfill important task focused on transition of new economies [14, p. 17]. The second wave bankruptcy laws adoption is features absorption Western doctrines addressing the importance of debtors' solvency restoration.

The majority of all the post-communist states in this region underwent these two stages in the development of their bankruptcy laws. Among those countries are Armenia, Azerbaijan, Georgia, Lithuania, Moldova, Kazakhstan, Kirgizstan, Russia, and other countries of the region [15, p. 4]. Ukrainian 1999 Law On the Restoration of Solvency of the Debtor or Declaring it Bankrupt is largely based on different conceptual backgrounds. This new bankruptcy law's concept is much like that is known in Western countries [16, p. 21].

The main feature of second wave bankruptcy laws in the countries of this region is that they belong to so-called pro-debtor type laws. The law emphasizes that it is mostly directed at restoring the solvency of a debtor. The main feature of the law is that debtor can be declared bankrupt after the measures undertaken to restore its solvency prove to be of no success [17, p. 127]. This is a clear requirement of Ukrainian Bankruptcy Law.

A third wave of bankruptcy laws developments in this region's countries links with current revision of existing laws. The main ideas to make those laws closer to international standards are the cross-border regulation and implementation of consumer insolvency concept.

The fact is that a 'third wave' of bankruptcy laws developments focusing on the cross-border rules implementation is already in place. Ukraine is practically the first country of the former Soviet Union that has started the process of introducing cross-border insolvency rules into the Bankruptcy Law body through developing relevant amendments. Second week of the year of 2012 has been marked as finalization of the process of adoption of a new Bankruptcy Law in Ukraine that contains the cross-border insolvency chapter.

The landscape of Ukrainian legal system developments has been significantly changed when it declared European integration as a priority. Having become a member of the Council of Europe in 1995, Ukraine started speeding its legal and judicial reforms. The other obligation that Ukraine has derives from membership at WTO. In this context the bankruptcy procedures should play a special role by providing open and understandable legal remedies to market players when financial problems arise.

Currently, Ukraine is in the process of adapting its legislation to European norms and standards with a goal to acquire full membership to the European Union. Cross-border insolvency is that sphere of harmonization which attracts special concern around the world. During the several past decades numerous international organizations and state alliances contribute to developing unified rules to deal with the cases where a so-called foreign element exists, including the World Bank, MFI, EBRD, and other [18].

Implementation of international documents' basic principles and unified rules in Ukraine is quite a new area of law-making activity. Ukraine and some other countries of the region have just started harmonization of their national bankruptcy legislation with relevant laws of Western countries. UNCITRAL Model Law of 1997 and European Union Regulation on insolvency proceedings of 2000 are going to be samples for transition countries.

This is quite in line with the practice that already exists worldwide. The UNCITRAL Model Law provisions were implemented into the bankruptcy laws in the following countries [19]: Eritrea, Mexico (Ley de Concursos Mercantiles of 2000), Serbia and Montenegro (The Law on Business Organization Insolvency, February 2002), Japan (The Law relating to Recognition and Assistance for Foreign Insolvency Proceedings No. 129 of 2000), South Africa (Cross-Border Insolvency Act of 2000), Romania (The Law No. 637 of 7 December 2002 on Regulating Private International Law Relations in the Field of Insolvency), Poland (The Law on Insolvency and Restructuring of 28 February 2003), and British Virgin Iceland (Insolvency Act of 2003). A number of other countries are considering similar legislative proposals in order to implement the UNCITRAL Model Law provisions into existing bankruptcy legislation.

UNCITRAL Model Law on Cross-Border Insolvency with Guide to Enactment (1997) is of vital importance for the development of legislative proposals in this area, and especially in the transition economies. The World Bank's Principles and Guidelines for Effective Insolvency and Creditor Rights System approved in April 2000 could be helpful in creating a fair bankruptcy regime reflecting modern world tendencies.

In conclusion it is necessary to state that today's world development is quite widely characterized with the use of such symbol words as globalization, internalization and regionalization. Notwithstanding that those words are being perceived differently their meaning is quite understandable – the world becomes more open that allows persons from different countries to perform cross-border business easily. So, the world becomes more complex. Certainly, this requires new approaches to regulation of economic relations between private persons where bankruptcy gains great importance.

Now Ukraine takes part in regional and international life more actively every year. This helps to bring well-known and workable rules in the national legislation that deals with cross-border insolvency.

Ukraine and other countries of the former Soviet Union made dramatic progress in the institution of bankruptcy legislation as important part of the national legislation. It is remarkable that the bankruptcy laws in the countries of the region slowly deaden the socialist law traditions as the planned economy goes away to past.

By establishing a fair and competitive business environment with a properly functioning bankruptcy system, the countries demonstrate their readiness to assure equal rights for market players including foreign businesses. In this respect approximation of private law and bankruptcy legislation to European and Western standards are an essential factor in fostering the integration of transition economies of the former Soviet Union countries to the world economic system.

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*Ignatiev P.**

IRAN - PAKISTAN TENSE FRIENDSHIP

The article deals with bilateral relations between Iran and Pakistan and its influence on the stability of neighbouring Afghanistan. Such issues as drugs proliferation, trade and transborder terrorism are examined.

Key words: transit, economic cooperation, security threats.

Iran and Pakistan share a 900-kilometer border, which divides land area of desert Baluchistan between both Muslim countries with huge non-Arab population. Farsi became working language for South Asian poets and writers and widely spoken by the people of western regions of Pakistan. Both countries provide nearest outlet to the Persian Gulf for landlocked post-Soviet states of Central Asia and also exert considerable influence in postwar Afghanistan. Official Tehran and Islamabad have similar threat perceptions of their northern neighbour because of drugs proliferation and painful issues of refugees on their soil. 1,7 million Afghani Pashtuns live in Khyber Pushtunkwa province of Pakistan and more than 1 million of Afghans temporary reside in Tehran and eastern part of the Islamic republic [1]. Thus Iran and Pakistan have a vital stake in stabilization of internal situation in Afghanistan which would allow refugees to return, but at the same time want NATO troops to leave the country. Iran with its second biggest natural gas reserves and around 10 per cent of world oil deposits represents closest source of energy supply for overpopulated South Asia.

Iran became the first country that diplomatically recognized Pakistan after decolonization of British India and later developed with its eastern neighbour close relations within several regional organizations – the Economic Cooperation Organization (ECO), Shanghai Cooperation Organization and SAARC as an observer or a full-fledged member. Pakistan, beset with Kashmir and Pashtu problems, could not afford to downgrade ties with official Tehran. On the other hand, Iran became isolated in the Arab Middle East during Islamic revolution of 1979 and subsequent Iran-Iraq war, therefore needed close ties with one of the biggest Muslim states on the eastern flank. During the rule of Zulfikar Ali Bhutto Shah of Iran Mohammad Rezā Pahlavi provided funds and helicopter-gunships to help Pakistani prime-minister to quell disturbances in rebellious province of Baluchistan. Relations remained stable after sudden regime changes in both countries. During Zia ul-Haq rule neighbors conducted similar reforms of harsh Islamization and tried to undermine Soviet military presence in Afghanistan while hosting huge number of refugees. But with the rise of Pashtu-based movement Taliban former allies became fierce competitors and official Tehran provided support to Persian-speaking Hazara people of Central Afghanistan and Tajik residents of biggest western city Herat. The assassination by Talibs of Iranian diplomats and consular employees in Mazari-Sharif in summer of 1998 brought bilateral relations to the lowest level in the decade. In 2000-es Iran and Pakistan mended fences because of economic imperatives and new security situation in Afghanistan under NATO umbrella. Both partners remain unstable and considered failed states in western world despite their resources and

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political clout. Moreover, official Tehran remains isolated by international sanctions for clandestine nuclear programme and desperately tries to find new allies not only in Asia, but also in Latin America [2].

The relations between countries can be characterized by simultaneous cooperation and competition under the influence of American factor. Pakistan with population over 185 million is energy-hungry country and Iran is in excellent position to satisfy its needs by export of electricity, oil and natural gas. Country is considered a world leader in number of cars (around 2 million), which use compressed natural gas and intends to increase the sales of those vehicles in order to save money on expensive gasoline import bill. Land of pure also suffers from constant blackouts and interested in uninterrupted supply of electricity from its western neighbor. The stability of textile industry, which is a main contributor to the country budget and hard currency earner, is highly dependant on this type of energy. Additionally Pakistan can buy some Iranian oil because of proximity of Sistan and Baluchistan to its western border.

Iran and Pakistan consider gas pipeline from massive oil field Southern Pars to the biggest Pakistani cities as a priority and signed respective treaty in 2010. This project due to become operational in 2014 and attracts interest from China, whose landlocked western provinces also demand blue fuel. The simultaneous deterioration of relations of both countries with the United States probably would create a necessary precondition for cooperation. Official Washington convinced Indian prime-minister Manmohan Singh to abandon the 'Peace pipeline' in 2008 and exerted strong pressure on Pakistan, forcing it to do the same. But several scandals in bilateral relations (CIA's contractor Raymond Davis affair, Osama's liquidation in Abbottabad on 2nd May, death of 24 Pakistani soldiers from NATO's friendly fire in border region between Pakistan and Afghanistan on 26th November 2011, permanent high civilian casualties of drone attacks) caused many tensions between former allies. Moreover, Pakistan does not see any other viable blue fuel suppliers, because Qatar lignified gas is expensive and complex project TAPI (Turkmenistan, Afghanistan, Pakistan and India) depends on long-term stability of Afghanistan and marked improvement of official Islamabad's relations with India. National economy is ready to import 750 cubic feet of Iranian gas daily and to pay around 3 billion dollars annually. China is eager to join the project and build a pipeline along famous Karakorum highway in order to feed Xinjiang Uyghur autonomous region with energy [3].

The biggest Pakistani province Baluchistan needs efficient cross-border cooperation with its Iranian counterpart in order to overcome separatism and stabilize security situation. The alienated Baluch population feels neglect of the state, because local people live in poverty-ridden region, which paradoxically endowed with huge mineral recourses – marble, coal, gold, copper and natural gas (already depleted). They consider the development of port Gawadar as an attempt to let in more workers from densely populated Sind and Punjab and extract natural reaches for their sake. Baluchistan issue also remains very painful for official Tehran in spite of the underdevelopment of this region. Sparsely-populated southeastern Iran, where province Sistan and Baluchistan is situated, always received small allocations from state budget, because western parts of the country were destroyed from 1980 to 1988 war with Iraq and needed substantial investments for reconstruction. Iran, isolated by international sanctions, could not provide substantial funds for all administrative units and decided to ignore Sunni areas of Sistan and Baluchistan. As a result, in 2003 radical young people created a terrorist organization Jundallah (Soldiers of God), whose members assassinated state servants and police officers and found temporary refuge in Pakistani Baluchistan. Thus both sides are interested in efficient border control and economic integration of respective parts of Baluchistan in order to pacify local population and increase trade volume.

Both Iran and Pakistan are looking for a new quality of trade relations since preferential trade agreement decreased tariffs on 647 items in 2006. Huge and arid Iranian plateau hosts 75 million Iranians who are dependent on food imports – halal meat, rice, wheat, fruits and vegetables, which can be imported from fertile Indus river region in Pakistan. Iran, as a producer of cheap vehicles (cars, tractors and buses), might be an attractive trade partner for Pakistan, whose specialization is garments and leather industry. Iranian companies consider possibility to use Karakorum highway in Gilgit and Baltistan to transport goods to western regions of China. The Gul Express – another important project, which connects railways of Pakistan, Iran and Turkey and provides Pakistani producers with a direct link to Southern Europe via commercial city of Istanbul. First train route became operational in 2010. It's an important breakthrough for Pakistan, whose road network is dominated by trucks. In 2011 trade volume between countries constituted 1,5 billion dollars, but their representatives agreed to increase it to 5 billion in the nearest future thanks to improvement of infrastructure and further removal of trade barriers to zero level [5].

Both state actors became victims of drugs proliferation from Afghanistan and make efforts to combat this illicit trade route. Iran already has some 1,7 million of addicts and Pakistan hosts 5 million of narco-dependant people. Additionally Pakistani statistics says that 9 million citizens tried drugs at least one time. Afghanistan shares a 2,430-kilometer border with Pakistan and a 936-kilometer porous frontier with Iran. Country's war-torn borders are ill-protected, southern highlands have huge land areas under opium poppy cultivation and characterized by minimal state presence. Moreover, constant flow of humanitarian aid (mainly wheat and rice) diminished incentives for local farmers to cultivate legal crops and thus only opium provided instant enrichment for them. As a result, in 2007 Pakistan, Afghanistan and Iran agreed to conduct joint border operations against drug dealers, establish special checkpoints and exchange relevant reconnaissance information. Iran also decided to fence 700-kilometer Pakistani border with 3-meter high separation wall in order to stop heroin shipments, contraband of diesel fuel and basmati rice [6].

The presence of NATO troops in Afghanistan causes concern in neighbouring countries for different reasons. Pakistanis consider military campaign against Talibs, who are mainly Pashtu people, as a manifestation of the civil war for the sake of the United States. Moreover, 15 percent of army conscripts belong to the Khyber Pakhtunkhwa region and reluctant to fight against fellow countrymen. Islamabad is also jealous of India's 'soft power' efforts to improve Delhi's standing in Afghanistan and unable to match 2 billion US dollars of Indian development package to official Kabul [7]. Iran wants to see the departure of NATO forces because of strained relations with official Washington and reconnaissance flights of CIA-operated drones above its nuclear plants starting from 2007. Both countries ignore the activity of Afghani arm of Taliban on their territories, silently allowing the movement to rearm and regroup. Their leaders are also in position to influence the decisions of President Hamid Karzai by threats to immediately depart their respective Afghan refugees.

On the other hand, there are a several problems, which create considerable difficulties in bilateral relations. For example, sectarian violence in Pakistan – an issue, which both countries can not ignore. Paradoxically people from Shia religious minority (Yahya Khan, Iskandar Mirza, Ali Zardari and so on) from time to time were elected or appointed to highest office in Pakistan. Today at least 20 percent of Pakistanis belong to Shia belief. They were encouraged by Iranian revolution of 1979 to protect their religious rights. At the same time Saudi assistance guaranteed constant flow of weapons and helped to create huge network of madrassa during the Soviet phase of Afghan war, whose activity led to the climate of intolerance between the biggest reli-

gious groups – Sunni and Shia. Today sectarian killings take place almost daily not only in megacity of Karachi, but also in western provincial capitals of Quetta and Peshawar, that host large Shia refugee population from Afghanistan. In many cases terrorists ruthlessly attack buses that carry pilgrims to sacred Shia sites in Iran – Mashhad and Qum. There are grounds to believe that Taliban fighters partly responsible for those atrocities. Well-to-do Parsi community also became target of abductions for ransom by local gangs. In December of 2011 several bombs exploded in Kabul and Mazar-i-Sharif in places of Shia worship for the first time, promising to bring violence to a new level within unstable region [8]. Shia followers constitute 10 percent of Afghanistan's population, but many people of their belief live as refugee in Iran and Pakistan.

Official Tehran also temporary sided with India in Afghanistan, because Delhi is interested to create regional transit and trade hub within Iranian territory for landlocked Central Asia and Afghanistan. Moreover, Iran along with Saudi Arabia remains the main supplier of oil to Indian economy and tries to circumvent international isolation with Indian assistance. In 2001 Russia, India and Iran agreed to develop a new transport corridor through Caspian Sea in order to bypass Suez channel and nearly return to life a trade route of Tsarist Russia, known as Astrakhan – Bender – Enzeli [9]. Later some post-Soviet states agreed to join the project, but its success became questionable due to the corruption of road police in the countries-participants and low quality of highways. Port Chahbahar in eastern Iran with present capacity of 2.5 million tones became the principal hub for Afghan goods, destined to India, in contrast to Gawadar in western Pakistan, developed with grants and investments from China and Oman, which owned a long strip of land on Makran coast till 1958.

The primary aim of Gawadar situated in 72 kilometers away from Chahbahar is to serve as an entry port for Western China in case of modernization of 1,300 kilometer Karakorum highway. This object can provide vital link between the Persian Gulf and Xinjiang Uyghur autonomous region. But official Islamabad wants more than that, getting ready to extend its facilities for landlocked states of Central Asia. On the contrary, Iran decided to strengthen Shia population of Western and Central Afghanistan, providing them with investments, aid and trade corridor to the Persian Gulf through its own territory. Heart, the main city of Iranian sphere of influence, remains relatively wealthy even without use of Chahbahar, but can be even more developed by utilizing infrastructure of Iranian harbour. To this end Indian companies built a 200 kilometer road link from Nimroz province in Afghanistan to Chahbahar. On the other hand, both ports are extremely important for the development of Greater Baluchistan, because they generate employment, provide transit fees and saturate distant and deserted region with food and imported consumer goods. The difference between them can be seen in the fact that Gawadar is closer to violence-ridden southern part of this country and Chahbahar is relatively peaceful Iranian place [10].

Both countries also clash in the Persian Gulf, where Iran presents itself as a regional power with Persian roots and world's biggest Shia population. The desire of official Tehran to support Shia majority in Bahrain against ruling minority of Al-Khalifa royal family during 'February 14 Revolution' was countered by intention of official Islamabad to sustain Pakistani image as a reliable source of soldiers and policemen for vulnerable monarchies of the Persian Gulf, whose rulers do not trust huge blue-collar workforce, which outnumbers tiny local population in all countries except Saudi Arabia. Bahrain, well known under the name 'Middle East Light', attracted huge numbers of Saudi tourists during weekends, because those people were looking for relative freedom from mutaween (religious police) control. Moreover, this country of 33 tiny islands is connected to Saudi oil-rich eastern coast with 26-kilometer long King Fahd causeway. Saudi Arabia was alarmed by the development in the near neighbourhood, because its Eastern

province is populated by 2 million of Shia followers, who always felt discrimination in political and cultural life of the conservative kingdom. President Ali Zardari sent some military volunteers to help quell disturbances and fully supported questionable decision of the Gulf Cooperation Council to bring in 'peacekeepers' from Saudi Arabia and UAE to Manama. Pakistan also declared its willingness to place two army divisions at disposal of Saudi king as an insurance against possible revolt of local population in the nearest future. Thanks to 'Arab Spring' even more former Pakistani soldiers can enter police and army ranks in the Persian Gulf monarchies, whose rulers are scared by the events in Northern Africa. Iran has to tolerate this because country does not want to loose lucrative gas contract with Pakistan and can not send troops to Bahrain without painful consequences. Now official Tehran proposes its good offices to Bahrain rulers in order to mediate internal conflict in this tiny country [11].

The relations also became more complex when Pakistani obsession with Islamic bomb culminated in nuclear tests in 1998. The site in Chagai hills was situated near Iranian border in Baluchistan province but at first official Tehran did not react negatively to six underground explosions. In 2004 famous scientist Abdul Qadir Khan confessed that he provided Iran with technology and centrifuges, which appeared to be insufficient for a breakthrough but greatly aided military programme. This was done in order to attract attention of the world to clandestine efforts of Tehran during rule of Pervez Musharraf, when the US hit out at Pakistan in the wake of nuclear tests. Later official Islamabad escaped international sanctions by agreeing to participate in the USA campaign against Al Qaeda and Taliban in 2001, but Iran can not do the same, taking into consideration Israeli and Saudi factor. Traditional enemy of Iran Saudi Arabia supplied cheap oil to Pakistan during several years of international isolation (50 thousand barrels a day for free) and official Tehran still harbours suspicion that in return Pakistani scientists provided kingdom with nuclear technology or even with ready-made bombs. The kingdom as a leading member of OPEC with 24,5 percent of world oil reserves and can easily declare itself nuclear weapons state without fear of major sanctions from the world community. Example of South Asia shows that attainment of nuclear bomb by China in 1964 led to chain reaction in India and Pakistan respectively 10 and 23 years later and the same would happen in the Greater Middle East in case of Iranian success in pursuit of this kind of weapon of mass destruction [12].

Conclusion. Iran is interested in huge Pakistani market, ready to develop its Sistan and Baluchistan province in cooperation with border regions of Western Pakistan and striving to end menacing NATO military presence in Afghanistan. Pakistan is looking for a stable energy supply, but substantial economic interests in the Persian Gulf and Central Asia turn this country into regional competitor of official Tehran. Both unwilling partners are unsuccessfully competing for the influence in Central Asia, because local political regimes remain inward-oriented, business-unfriendly and display high levels of dependence on Russian Federation, China and Turkey. On the other hand, Iran and Pakistan need each other in order to overcome international isolation and confront an image of failed states. Official Tehran is also striving to demonstrate that Sunni-Shia divide, declared by Saudi Arabia as inalienable feature of regional politics, does not work in relations between huge Muslim neighbours.

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*Kovtun O.**

THE NEGOTIATION AS THE INSTRUMENT OF DIPLOMACY

У статті окреслено підходи до визначення категорії «переговори», визначено роль цього механізму у сучасній дипломатії, розглянуто основні види дипломатичних переговорів (на основі організаційного критерію типології), а також зазначено основні етапи переговорного процесу.

Ключові слова: переговори, стадії переговорного процесу, цілі, стратегія та тактика.

The article contains the guideline-approach to the definition of the “negotiation”, its role in the modern diplomacy, the main kinds of diplomatic negotiations (based on the organizational features) and main stages of the negotiation-process.

Key words: negotiation, the phases of the negotiation-process, goals, strategy and tactics.

Before analyze the role of negotiation in the modern diplomacy we need to say, that the discussion about the diplomacy, the mean of this definition and its correlation with foreign policy, is continuing. The most experts are united about the negotiation as the central element of such activity in the international relations.

In this article the author tries to describe different points of view to the determination of the definition – “negotiation”, its place between the other instruments of foreign policy, for this we need to review the main approaches, to analyze the stages and principal characteristics of negotiation-process. The object of this paper is the diplomacy at the beginning of XXI century, its tools and changes, and the subject for study is a negotiation as a form of interstate communication.

We also need to say, that now days we have now enough quantity of Ukrainian research of the negotiation-processes. In most sources the negotiation is analyzed as the part of conflict’s solution-process or as the mechanism of the peacekeeping. If to talk about the literature on this problem, we can to take note that the most intensive researches are leaded by the American investigators.

Diplomacy is the central instrument of foreign policy at the beginning of XXI century. But it changes principally not only during the whole XX century, but especially the last two decades. These changes are correlated with the global changes, such as development of science and technologies, new methods of communication, new challenges, which are bounded with globalization and integration, in particular the forming of the new system of international relations and it’s deetatisation, the replacement of the role of different international actors as non-state groups (transnational corporations, NGO, individuals) and so on.

If we will try to classify the traditional instruments of foreign policy, we can notice that the diplomacy has started up as adjuvant mechanism during the commercial or military actions. The

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political negotiation is one of the most ancient political practices, which attended wars, revolutions, coalitions – creating and fall of emperies [1, p.10]. But with a time it set as a self-constrained valuable method of foreign policy with its own instruments and filling-up. It's considered that the period of classical diplomacy begun in the XIX century, in 1815 with the adoption of Vienna protocol.

The end of the World War II was not only the beginning of the new system of international relations, but also the time when the “new diplomacy” replaced the “old diplomacy”. This was not the process of one year. The first trends were shown through the announcement of principle of the no using of the subterraneous diplomacy by the W. Wilson and Soviet Russia in 1917. Since that we use the term the “open” diplomacy. At present this principle is developing through the public diplomacy, which but is much wider as “not using the secret agreements and negotiations” and means the action of different public groups in forming of the foreign policy, these also are in the base of the “soft power” concept.

Another important characteristic is the attention and employment of the mass-media for the political targets. It's especially fatefully now-days. Sometimes the diplomats and journalists act as alien, but more often they are concurrent. The mass-media in democratic states are “the fourth power” and trying to do the all information public. The same time diplomatic activity is often confidential, especially when we are talking about the negotiations.

Negotiation is the special form of communication, during that the actors participate in the decision-making and establishment of the conditions for the relation's developing.

There are a lot of the determinations of the negotiation. For example, ‘the form of the interaction, wherein the sides try to create the new combination of some their common and antillogous interests’ or “the interaction of two and more concrete complex social entities, which are trying to determinate or to improve the conditions of their interdependence”, or “the change by the information through the language, which coordinates and manages the senses” [2, p.32] or “science and art of attainment of the political agreement in the conditions of the conflict interaction of the sides” [1, p.11], “it's a common search of the agreement by two and more parties” [3, p.15].

It's also interesting the etymology of the word “negotiation”, which based on the Latin “negotium” (from ‘nec, ni’ – no and “otium” leisure), that refers to the commerce.

The common for all these definitions is the accent on the informed choice of the negotiation as the instrument for the settlement of existing problems, on the purposeful nature of this process, on the managing of the contradictory interests and on the key role of the communication.

Iklé is focused on the study of the process and effects of negotiation between governments. His main interest is on how to relate the process of negotiation to the outcome [4]. The author defines negotiation as: a process in which explicit proposal are put forward ostensibly for the purpose of reaching agreement on an exchange or on the realization of a common interest where conflicting interests are present From this definition we see that the author identifies two elements that need to be present in order for a negotiation to happen: common interest, and conflict over that interest. If one of the two is absent, we do not have what to negotiate for, or about [5].

So, “the political negotiation is the specific kind of the interpersonal interaction of the sides and of the common activity, which is oriented to the settlement of the political conflicts or to the organization of cooperation and which is intend the common decision-making in the writing form” [1, p.14].

Negotiation, in turn, is a part of the human activity connected with problem solving which is oriented towards peaceful means of dispute resolution. Negotiation in this context may be re-

garded as manifestation of culture because it embodies a certain code of conduct that is oriented towards civilized ways of solving disputes.

Moreover, negotiation is a process of communication between actors (states) seeking to arrive at a mutually acceptable outcome on some issue of concern. Usually, “diplomatic negotiation is made up of a rather structured exchange of proposal between accredited representatives”. This exchange may be conducted formally or informally, verbally or non-verbally, tacitly or explicitly [5].

The definition “political negotiation” has a strong presence in the diplomacy and the international relations, because it sizes almost the whole field of diplomatic activity. In what connection the negotiation is not only the sense of the mission head’s activity, but of the diplomacy at all: another forms and kinds of the official diplomatic activity are subordinate toward it [1, p.11].

After the fall of the bipolar international system appears objective necessity for adaptation of traditional tools and for the nascence of the new. The rising of the number of the independent states automatically means the rising of the number of negotiations between them. Operational efficiency is needed for the modern diplomacy. So sometimes the modern diplomacy is calling “Nescafe diplomacy” and the language as a “language of the slogans” [6, p.69]. That means that the decisions must be adopted in short term and there is no time for the compliments and etiquette. The good example illustrates that, is the documents of the US State department, which were published at the WikiLeaks-website.

These documents had an effect of the exploded bomb, because of two reasons at least. The first one is the information, its integrity, comprehensive data and efficiency. But for the professional diplomats it was not a great surprise, because it’s one of the main diplomatic functions – gathering and expansion of information [7]. But their style of the summary and lexica shocked all.

But another main function, which bases on the diplomatic practice, is the negotiation with the government of the host state [7]. Representation and negotiations are one of the most senior diplomatic functions. In the past the investigators divided the direct negotiations between the head of diplomatic mission and the states’ head and indirect – between the mission’s head and the minister of foreign affairs [8, p.194]. But now such classification is not actually, because the most contacts of the diplomatic mission’s head realizes in the second form.

In this context we can talk about two aspects of the implementation of the negotiations of diplomatic mission. The first is the participation of diplomatic mission in the negotiations at the highest level. Such form of diplomacy calls the “summit”. But is not traditional diplomacy, because the foreign policy in this case realizes by the politicians, but not professional (carrier) diplomats. That’s why the diplomats and analytics are very careful when they are talking about the negotiations at the highest level. Often the decisions of the states heads are subjective and depend on the personal relations between them.

Another part of diplomatic negotiations which bounded with the process of the signing of interstate agreements, because of many-sidedness, complexity and technical character of most modern international problems. Typically such negotiations are provided by the experts with organizational help of the diplomats.

Now is also popular usage of the accommodation of the special representatives (either the Ambassadors-at-large, as well as the ministers of the government). The one of the most shining example of such diplomacy is the shuttle diplomacy of H. Kissinger. Other countries are more conservative in such practice and use it when it really necessary, in such way they don’t devalue the role of ambassador in the host state.

There are different classifications of the negotiations based on diverse criteria. For example, depend on the level the experts divide: the summits (the highest level, with the participation of the state's heads and heads of governments); at the high level (ministers of the foreign affairs or the heads of other state - bodies); the negotiation in the working order (without the first persons) [1, p.16]. Another classification divides the negotiation to the bipolar and multipolar, the negotiation in the frame of international organization and so on.

Some of the investigators of modern diplomacy, as V.Popov, for example, notice that the summits are the significant feature of modern diplomacy [6, p.468]. The summits are not invention of the end of XX century; the history knows the examples of contacts between the sovereigns (the visit of the Kiev princess Olga to Constantinople) and state's heads, especial during the World War II. But in the 60-es ears under the summit was mean "the meeting of some several admitted leaders of the great states (powers)" [6, p.469]. Now there is another approach, which insists that every planned, regular and prepared meeting of the state's heads is the summit. Such form of communication assists the democratization of foreign policy and diplomacy and compels to inform the public about the course and decisions during the negotiation.

That all means, that now days the negotiation on the highest level must be well-prepared by the experts in different fields, professional diplomats, which have the good knowledge in the problem, in the international law end economic, but also it demands on the state's head the good education and spacious mind.

A negotiator's status refers to a position in the social structure to which the negotiator belongs to. This concept strongly relates to prestige and power as it influences the negotiation process. Delegations display considerable deference toward other parties with high status. This is expressed in various ways, such as compliance with their threats or adoption of a submissive behavior. When the other negotiator has a lower status, the other party tends to behave in an exploitive way [4].

Through the negotiations diplomats can also realize other functions, such as a representative, clarification of the positions of different sides, explanation of the consular questions and problems of citizens. At the same time negotiations is the main instrument of coordination of interests and the conflict's settlement.

There are many factors are deserving for attention during the negotiations, for example strategy and tactic of the sides, the position and real interest of counteragents, presence/absence of confidence, the role of extra-influence and so on.

For the constructive negotiations are principal the legal equality of sides; the atmosphere of loyalty and publicity; the common goals are principal for both partners; respect to the values, standards and the rules of conduct each other. But also practice demonstrates, that though the parity and confidence of the parties some divergences are fundamental, that they are unsolvable.

The negotiations are conducted in the atmosphere of confidentiality and security, sometimes for the avoidance of the divergent interpretation of composition countries use the negotiations in the writing form. These are meant that all notes must not be published.

In all situations during the negotiations and consultations diplomats must notice all details and prepositions for the case of analyze by the mass-media or by the authorities and these notice can be published for the motivation of the state's position.

During the negotiations diplomats of different countries use different strategies and tactics, which often are based on national traditions and mentality.

The asperities can be also bounded with linguistic questions. That's why the presence of well-qualified interpreters is so preferably. During the translation diplomat can think over the answer, especially when he knows language, which is been using during the negotiations, enough.

Also you can use “the mistakes” by the translation for justification of the previous round of negotiations, in case when it failed. And the service of interpreter give you “place for the manoeuvre”. For another thing experienced translator also knows the national traditions, the real situation in the other state, the communication tools and so on. It’s also useful to take the associate officer, which orientates in the problem and can speak the language, cause it will be good experience for him and it minimizes the misunderstanding [8, p.197].

One of the most important elements is the coordination of the negotiation-process as at the level of diplomatic mission, as in the line of mission and ministry. For every step in the negotiation-process mission will be given an instruction from the center, especially under the pressure.

The personal position of the members of delegations also effects on the result of negotiation [8, p.195]. During the negotiation-process particularly important the role of ambassador, cause in many situations he’s the one, who chose different diplomatic tools depending on the eventual political situation in the host state, his privet experience of communication with the authorities and the national specific of the negotiations – manner. Sometimes it’s necessary to itemize and specify the instructions for the negotiation, and the ambassador must do it in the correspondence with the ministry, appealing to the specific context of the situation in the country of residence.

In most cases the negotiation can be oriented on such goals:

- Determination and development of the political agreement;
- The change by the information and the clarification of the positions;
- The settlement of existing or prevent to the potential conflict;
- The solution of the common problems;
- The development of public relations, trying to affect to the public or to the opponent side;
- The subscription of agreement;
- The manipulative goals (to mask the real goals and interests) [1, p.13].

According to Iklé, we are able to identify five objectives or purposes of negotiation:

1. Extension agreements - prolonging existing arrangements.
2. Normalization of agreements - to put an end to violent conflict, or to reestablish diplomatic relations.
3. Redistribution agreements - demand for change on one's own favor, at the expense of the other.
4. Innovation agreements – setting new relationships or obligations among the parties.
5. Effects not concerning agreements - propaganda, intelligence or dissuading the opponent.

This division, Iklé contends, is not always present in real life negotiations. Most parties have a mixture of objectives or purposes in mind, although one of the objectives may have priority. Moreover, it is also the case that parties may have different purposes even if they are in the same negotiation [4].

In order to offer some clarification of how the negotiation process works, Zartman and Berman introduce a model that identifies three stages, each with different problems and behaviors. These stages are: 1) diagnose the situation and decide to try negotiations 2) negotiate a formula or common definition of the conflict in terms amenable to a solution, and 3) negotiate the detail; to implement the formula on precise points of dispute. The authors advise that these stages are more conceptual than real, and that in true negotiations, these phases are not always isolated, they tend to overlap [5].

The Russian specialist Y. Dubinin in his book “The mastery of negotiation” differentiates also the three stages: intention (planning) and preparing, “negotiation about negotiation” and, proper, negotiation (“negotiation at the table”) [3]. The second stage is very interesting in the context of diplomatic procedures and rules, cause on that period the sides discuss the agenda, the language and the mechanism of decision-making, which is the principal. In this stage the sides determine the level, the structure and the full powers of delegations.

Other explorers determine also different stages, for example, Fisher and Uri describe the stage of analyze and the branch of preparation; some of their colleagues add also the phase of organizational coordination.

For example, at the preparation-stage can be determined such targets:

- Goal setting and information acquisition;
- Analyze of the position of the counteragent and composition of the psychological image of the partner;
- Strategy and tactics choice, determination of the negotiation-concept;
- Solution of the organizational matters (where, when and who must participate);
- Self-paced training (choice of the behavioral model by each member of delegation, especially the head) [1, p.36].

In order to offer some clarification of how the negotiation process works, Zartman and Berman introduce a model that identifies three stages, each with different problems and behaviors. These stages are: 1) diagnose the situation and decide to try negotiations 2) negotiate a formula or common definition of the conflict in terms amenable to a solution, and 3) negotiate the detail; to implement the formula on precise points of dispute.

The authors advise that these stages are more conceptual than real, and that in true negotiations, these phases are not always isolated, they tend to overlap.

Anticipating some critique about how useful one model could be when faced with multiple types of negotiation, and different style of actors, the authors posit that they see their model not as one of many ways to arrive at an agreement, but rather as the general path or sequence through which those different ways flow [5].

Different cultures affect how individuals will behave in international negotiations. One's own assumptions appear to be normal and realistic, because they are familiar and unquestioned when negotiating domestically. Therefore, to some extent the negotiators are prisoners of their culture, which in turn act as a regulator of social interaction.

The cultural differences that must be taken into account may turn out to be as important as that found in certain contrasting sets of values that determine the hierarchy of negotiating objectives themselves, or as trivial as behavior mannerisms or non-verbal cues that subtly block confidence and trust. Even gestures and other non-verbal behavior may contribute to a psychological unease that makes communication more difficult.

Even at the most basic levels of negotiation, history confirms the differences in national perception of the negotiation process.

A ‘negotiator’s art’ must include an ability to anticipate the others side’s decision making process, and hopefully to influence it. In international negotiation this means taking into account contrasts in the culture of decision making, in the way officials and executives reach their decisions and instruct their negotiators. National institutional culture produces a unique pattern on decision making and protocol [5].

In consequence we can make some notice. The diplomatic negotiation is a kind of political interstate communication about different questions, which solution isn’t possible without the participation of other partner. Based on organizational features we can divide the summits, the

negotiation at the level of the ministry of foreign affairs and diplomatic mission, the negotiation at the expert's level. Every level of negotiation needs a complex and careful examination of the question, detail planning, the adequate choice of strategy and tactics depend on the real interest and with consideration of national and personal habits.

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STAGES OF GROWTH OF INTERNATIONAL ETHNOGENIC RELATIONS

This paper is dedicated to stages of growth of international ethnogenic relations in the space of international interactions required for ongoing ethnic evolution of the Humanity.

Key words: ethnos, ethnicity, ethno genesis, kinetic sphere, constitutional sphere, operator of evolution, international interactions, international relations, international ethnogenic relations.

“There is no human on Earth being beyond an ethnicity. Every person is both member of socium and member of ethnicity.”

L.N. Gumilyev

Interactions between relatively isolated parts of Humanity – its separate sociums - are pertinent to essential existence of combination of social and genetic differences between human communities – ethnic groups¹, comprising the basis for each historically selected socium in one or the other format.

These differences, being permanent, also dictate certain rules of interaction of sociums and naturally comprise essential situational basis of international interactions². Accordingly, there arises a need in particularly accurate examination of basic displays of ethnogenesis in the framework of theory of international relations – as a multifactorial process of evolution of ethnicities, continuously exercising influence upon the dynamics and construction of international relations.

Typologically separate, special layer of fundamental spaces of international relations, as a relationship developing between communities of people, that every time make otherwise ethnically organized entity, nations of separate relatively isolated social organisms are considered exactly in terms of changes in ethnic groups, changes of ethnic groups themselves, changes in relations between ethnic groups. Accordingly, it is necessary to accept a relatively conditional denomination of this new layer of fundamental states of international relations for the researcher – international ethnogenic relations.

¹ “Ethnic groups, being a form of existence of homo sapiens, - notes M.P. Tivodar, - are persistent inter-generational naturally and essentially formed at certain territories human communities, which are characterized by stable features (endogamy, inner complementariness, ethnic conscience and ethnonyms) and relatively stable distinctive traits of cultural and behavioral patterns” [1].

² Fundamental process of interaction of actors in highlighted international space, practically expressed in establishment of temporally defined connections between them, able to also initiate certain number of typologically different international relations, which within a certain chromatic period form multi-dimensional integrity – international interaction. Niklas Luhmann interprets interaction as a simplest social system of actions which “consists of a sequence (constellation) of communications between directly present participants and should be “localized” in “space of three dimensions”: social, temporal and substantive” [2].

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Having been initiated in a local place of separate ethnic group's affirmation, international ethnogenic relations continue its way into ethnic fields of historically selected international spaces, each time in a higher taxonomic order³, and develop the ethnogenesis spiral up to global space of Humanity's affirmation.

Temporality⁴ of ethno-genesis processes is obvious. Though their chromatic periods⁵ are not always predictable. And, although the lifetime of ethnicities, according to L.V. Gumilyev, is sufficiently calculable⁶, trans-combinations of ethnic groups' affirmation in the definite history of Mankind proves that in the reality the number of combinations in selected international spaces of ethnic fields was never ultimately predictable, but always distinctly diverse.

Directly pertinent to certain landscape forming natural components of basic living areas, all diversely separated ethnic groups strive to maintain both the basic principles of their lifestyle organization and the foundation of their programs of absorption and energy exchange with environment and other sociums, however evolutionally changing they are. However, the synergy of combinational actions of ethnogenesis mechanisms, where transformation of settings is the basic process of ethnic evolution operator⁷ - process of clustered information and energy exchange in ethnic community formats⁸, step by step leads Humanity along the path of convergence⁹.

³ "Tucson – group of discrete objects, in one or other extent connected to group of features and attributes and thus giving the basis for assigning certain taxonomic category to them. Tucson (in taxonomy) always describes certain set of objects (organic world, geographical description units, language etc.) whereas taxonomic category expresses solely a designation and logical terms of selection of the given level of hierarchy or rank of system organization" [3].

⁴ Tempora is a set of constants that define both the substrate of phenomenon and its basic process's essential circumstances of existence; in practical terms focused structural essence of this process, which implementation limits are fixed by essential indicators of change of state of its actors and environment of livelihood situational conditions. Hence, gradients of temporal time are output from this concept, as a certain time lag, optimally corresponding to productive realization of this social process, formation of new state of international environment and layout of subjects in it; limits of temporal space of cumulative process implementation are defined and finally concept of Space-time continuum of this process realization is formatted. (Let there be allowed utilitarian use of this concept not contrary to but in accordance of special with universal understanding of space-time continuum – Universe)

⁵ The term chronometric (period, step, stage) according to L.S. Berg, stands for an interval of temporal period of ethno-genesis limited by essential changes of parameters of basic process, similar to all landscape zones, but different in its concrete historical time [4].

⁶ Author hopes that rather general use of ideas of this scientist, great in his fields of study, in our research is effective regardless the fact that L.V. Gumilyev was claimed non-conformist and his primordial approach being criticized. Let's certainly ignore that.

⁷ Operator of evolution of international ethnogenic relations is a required for ethnoses joint process of ethnic community formats exchange which, having produced key ethnogenesis evolutionary mechanisms, ensures survival to ethnic groups in dynamically changing conditions of socio-sphere on the planet of Humanity's affirmation.

⁸ Formats of ethnic community, which include complex set of archetypes, attitudes, stereotypes, myths, symbols, customs, traditions and other markers, may include following criterion defined groups:

- genealogic community based on common origin and finally on multiplicity of genetic similarity;
- phenotypic and, accordingly, landscape-defined racial anthropologic community;
- beauty standards;
- socium community and, naturally, community based on common historical destiny and socio arrangement;
- life style community and standards of relationships and rituals, panmixia, way of life and live success;
- community of language and generally socio-linguistic community;
- multidimensional culturological community, including sociocultural myths, traditions and values;
- ideological community, including set of legends and myths, community of rituals and meanings of common worships and community of symbolic world-view;
- complex psychosocioethical community, based on societal and mental community, which form numbers of customs, rules and behavioral patterns.

⁹ Convergence (from latin "convergo" – "I bring together") is a process of rapprochement (in different meanings), compromise, stabilization. Antonym to divergence. Terms convergence and divergence are used in different natural and humanities. Convergent evolution is an evolutionary process, which leads to a formation of complex of similar traits of unrelated (non-monophyletic) groups [6].

"Convergence – emergence or acquisition of similar traits as a result of evolution. In biology – the emergence of similarities in structure and functions of relatively distant by origin groups of organisms as a result of natural selection" [7].

The convergence, or “rapprochement” of ethnicities in each chronometric period is encouraged by multiline migration exchange happening through international space, which binds diversification components of fragmented and multipolar ethno-sphere into ethnic fields, always historically allocated in different manner international spaces.

The complementarity principle is formed within the relationship of ethnic communities – “friend or foe”¹⁰, in international relations of social organisms is complicated by restrictive actions at this level of socio-genesis priorities of socio economic and politico-ideological order, always formed as fractal, which prevent or, contrarily, encourage expansion of interethnic migration flows and implementation of international ethnogenic relations accordingly.

Ethno-genesis in its essence is an irreversible evolution of substrates and change of structure of ethnicities, materialized with historically defined discretization with the help of international ethnogenic relations in space-time continuum of affirmation of Humanity. It is the relentless transcombination of formats of ethnic community, which are produced in the process of realization international ethnogenic relations that encouraged ethnic evolution of Humanity.

In case of establishment of sufficiently sustainable processes of social division of labor, connected to integration interaction of ethnicities with nature, due to assimilation of inner social activity – interiorization and, therefore, emergence of new socio-ethal psychofractal¹¹ structures of communities, an opportunity to affirm taxonomically more complex ethnic communities.

Therefore, dominant mission of international ethnogenic relations of every chromatic period of history of Mankind was a necessity to maintain certain differentiating apartness of nations, ethnicities of which in these conditions created a synergy of their polyline evolution. Though, this apartness was mostly conventional due to the fact that the processes of migration interpenetration of members of ethnic communities took place between ethnicities - closest in spatial limits of existence to each other, creating rather integrative significant mixing ethnic layers¹².

The real state of ethno-genesis was defined accordingly to a concrete number of allocated international spaces constructors of interactions of ethnic communities carried out in the ethnic field, which being a standard option, defined the conditions of work of its mechanisms. Synergic combination of direct plain involvement of ethnic communities into international interactions, direct organic involvement, indirect and symbolic participation, evident indifference or even exaggerated and/or involuntary apartness in each case comprised a systematic basis for interethnic contact.

It is obvious, that kinetic parameters of migration penetration were significantly different for each ethnicity of various taxonomic orders. In the same time constitutional parameters of ethnic evolution were rather similar at the slowly expanding or contracting zones of their habitats, different only in dimensions of ethnic identification.

¹⁰ Complementarity – positive (negative) - is a feeling of subconscious mutual sympathy (antipathy) of individuals that determines the division into “friends” or “foes” [8].

¹¹ “Fractal may be interpreted as a separate fragment of natural, cultural, social and other environment, hypostatized from one or another psychological function, which plays the role of a constant symbol of producing sense of society or individual, - writes Y.V. Romanenko, - fractal is a matrix of a certain set of archetypes, their combinational scheme”. “Socioethal psychofractal, – states O.A. Donchenko, author of idea of psychofractals – is the sense of certain depth psychosociality, fixed in field codes” [9].

¹² “Analysis of historical development of ethnical processes, - A.P. Sadokhin and T.G. Grushevickaya note, - allows to make a conclusion, that ethnic history of Mankind is characterized with the effect of two connected tendencies, one of which has an integrative and other – a differentiative direction. At each stage of ethnic history the ratio of these tendencies and their forms vary according to different sorts of determining factors... The effect of differentiative and integrative tendencies can be traced through all ethnical history of Mankind, including the modern world” [10].

Among numbers of variants of systematic interethnic connections, observed in concrete history of Humanity in international space, it was that complexes of basic options were a consolidating basis of constitutional sphere of affirmation of ethnicities in each international space. Basic state of thee historically allocated spaces depended on combinations of separate and symbiotic coexistence, on results of ethnic dissimilation and partition¹³, on transformational efforts of merge and assimilation of previously separately living ethnicities, on destructive consequences of ethnical divergence.

The way how international ethnogenic relations expand the space of ethnogenesis is projected in the history of Mankind as stages of their growth. Thus, the first, local stage of growth of international ethnogenic relations was associated with relative landscape closeness of its historically allocated international spaces and accordingly with obvious limitation of social contacts of interacting ethnicities in this field and with a clear demonstration of the complementarity principle. At this stage of growth international ethnogenic relations were based at a diversification of ethnicities on socio-organized structures of being in the frame of these landscape spaces of inter-societal interaction.

Though further, due to historically inevitable expanding international spaces of interethnic connections, ethnic communities formed sub-regional structures of interethnic exchange processes at a new stage of growth, cohesion of which was ensured by already developed infrastructural connections between social organisms which these ethnic communities belonged to. Dominant role of ethnic identification was already quite typical for this stage of growth of international ethnogenic relations, meanwhile connecting these communities in expanding international spaces.

Stages of regional growth in performance of international ethnogenic relations was associated not only with landscape limits of allocated international spaces but mostly with the fact that in their regional field interethnic migration occurred in the same time with latent processes of exchange of formats of ethnic communion and rather sustainable for certain chromatic periods joint infrastructures of connections of social organisms formed, consisting of mono- or limited multioptional ethnic communities.

Each time when ethnic community overflow its regional limits it was historically different but typically productive in its content, not only expanding horizons of performance of international ethnogenic relations, connected with dominant variants of systematic interethnic connections but also resulting in forming of basis for stages of zonal growth of international ethnogenic relations - deployment of infrastructure bonds of social organisms, composed of concrete ethnic communities. Typical peculiarity of this stage is development of complementarity with rather essential presence of synergic processes of multipolar ethnic evolution.

Generally maintaining the common ethno-differentiative and racial features for connected in this allocated international space ethnic communities, thus international ethnogenic relations contributed to expansion of areas of habitats of these communities up to the borders of common landscape zone.

On the other hand this did not at all prevent separate ethnic communities, while feeling like a self-determined ethnicity with its similarities of historical destiny, from building special number of integrative inter-societal relations forming and defending their special status position in international space for this chromatic period of interaction of societies.

¹³ Dissimilation – is a cleavage of complex systems in organism into simple ones accompanied by a energy release. In unity with assimilation forms the metabolism.

Ethnic partition – is a phenomenon during which occurs the separation of previously single ethnic group on several more or less equal parts, and none of the new ones completely homologates itself with the old one.

Though at next stage of growth international ethnogenic relations face the tendencies of further ethno-transformation which they ought to maintain. Segmental opportunism¹⁴ of this stage of growth of international ethnogenic relations visibly distinguishes itself in historical international spaces and rests on development of complexes of infrastructures which connect social organisms of modern world.

Based on a compulsory combination in international interactions of group of formats of ethnic similarities being a separate priority for these social organisms, international ethnogenic relations rather rigidly reflect its differences in its practical implementation. These differences divide even those socially organized ethnic communities which have certain similarities between them in various formats of ethnic similarity but, unfortunately not substantively or situationally relevant.

Synergic effect of mechanisms of ethnogenesis at this stage of international ethnogenic relations leads to emergence of new ethnic communities and disappearance of others that already finished their way.

All of this essentially reformats not only the kinetic sphere of ethnic fields of allocated international space but also its constitutional field, up to reformatting fields themselves, separating them not according to landscape organized infrastructures or inter-societal interaction, but according to the features of unity of formats of ethnic communions defined by segments. Sociocultural worlds appear inside of which international ethnogenic relations encourage certain complementary consolidation of ethnic communities and outside of which maintain their apartness, also with complementarity in type of expression.

Essential expansion of the zones of international division of labor, development and verification of infrastructures, linking ethnically similar social organisms, multifractionality of international interactions brings new, not existing at earlier stages, type of selectiveness in implementation of international ethnogenic relations and leads to decrease in their grade in international interactions.

Generally this trend leads to an emergence of new stage of growth of international ethnogenic relations inside of international spaces, which can be defined as a sectorial constructivism growth stage, connected to expansion of zones of acceptance of dominant formats of ethnic community high status social organisms into different, previously not accessible in segments, ethnic fields of international space.

Complementarity principle effect in its previous forms is becoming weaker. And more than significantly informational-energetic exchange between ethnic communities in elected international spaces is realized via social boundaries of social organisms not only through the migration of members of ethnic communities, separated into sectors, but also via open informational space directly between those, who didn't change "their social apartment".

¹⁴ "The term "opportunism" may be applied in different meanings, more often it means:

- a style of politics, which is associated with a desire to increase political influence by all means or a political style, which involves usage of all possible opportunities in the sake of increasing political influence whenever such opportunity appears;
- a practice of rejection from certain important political principles, which were deployed previously with the aim of achieving political power and reinforcement of political influence;
- trend of science or practical politics, which is about a desire to gain political capital and achieve a certain partial benefit thus win trust of people by demonstrating hard principles or improving the level of political consciousness of people [12].

"Opportunism (from latin "opportunus" – comfortable, beneficial) is a desire of one of the negotiating parties to formulate the terms of the agreements in a way it will ensure achievement of his aims by ignoring interests of the second party, passing the biggest part of the cost at his shoulders" [13].

In the process of globalization separate sectors of previously indivisible complexes of ethnic community formats not only penetrate into typologically different organizations of ethnic communities as social customs, but also, while integrating, get asserted in them together with, or instead of, other ethnic communities of previous format¹⁵.

In chromatic period of this stage of ethno-genesis super-ethnicities¹⁶ are being formed, which, under the auspices of unity of formats of ethnical communion, in its sector meaning, merge and acquire ethnic communities which are segmental closer. The formation of super-ethnicities is typically marked by imperial ambitions of their dominant ethnic collectives, which impose on others those selected sectors of formats of ethnic community that create a consolidating background for super-ethnicities¹⁷.

Although super-ethnicities due to their complexity often experience processes of partition or metisation¹⁸, but it is historical processes of their affirmation and connections form the basis to this already vanishing stage of growth of international ethnogenic relation.

Little by little, step by step, in this given to us modern age a new stage of growth of international ethnogenic relations is realized, which ensure the perpetual ethnogenesis of Humanity as a global ethnic metasystem.

The basic task of international ethnogenic relations of this chromatic period is the maintenance of processes of synergic cooperation of infrastructural connections of ethnic communities between more and more sophisticated borders of social organisms.

This is no longer encouraged by the migration steams but migration flows, connected to the redistribution of people as a main manufacturing resource of a globalizing world. The accelerated and uneven growth of arthropods combined with disproportional for ethnic communities manufacturing of food meanwhile life conditions of these communities in separate social organisms not corresponding to their needs combined with sharp deviation in development of techno-sphere in these countries – all this stimulates dynamically expanding ethnic migration.

According to this processes of exchange of formats of ethnic communions are deepening. International ethnogenic relations, breaking their previously stable complexes delimited from other space of ethnic complementarity, are encouraging integration of separate formats of ethnic similarities of the most developed countries into new constructors of similarity of ethnic communities of other countries, marked above all with ethno-cultural and ethno-social markers.

Global networks of informational-energetic exchange is supporting this tendency, yet unevenly developed for certain countries and ethnicities, but comprising their spaces of international ethnogenic relations at our planet, but consequently and inevitably expanding and unifying it.

The abovementioned does not mean that the processes of integration of ethnic similarities leads to their real unification. No one is capable to cancel processes of differentiation, vitally

¹⁵ "You see, globalization, - notes MEP, antiglobalist Giulietto Chiesa, - is a movement of people and hence cultures" [15].

¹⁶ "Super-ethnicity, i.e. group of ethnicities, which appeared in the same time and region, displaying itself in history as a mosaic entity, consisting of ethnicities.

¹⁷ Super-ethnicities – are not conventional constructions of historians, but entities not less real than ethnicities, though even having its certain peculiarities" [16].

¹⁸ "Metisation with saving and combining traditions and customs of previous ethnicities and memory of ancestors; this variations usually are extremely unstable due to addition of new mestizos; the fact that offspring of exogamous marriages either dies in third or fourth generation or divides into father's and mother's line is observed quite often" [18].

important for the evolution of Humanity, that is why this is them that grant fulfillment of basic requirement of ethnogenesis – the existence of transcombinations of interethnic differentiation¹⁹.

Thus the fixation of traits of ethnic identification in the spaces of international interactions will comprise the imposed requirement of their inner content for quite a long time, despite the permanent complication of multiplicity of combinations of ethnic and civil identities, until their cosmopolitan version is claimed and approved²⁰.

Globalism cannot change the understanding by people that compose these solidarized intergenerational-ethnic “individual communities”, of special integrative unity of socio-ethal psychofractals as ethal, a unified image of their community, built on a complex set of ethno-cultural, ethno-social and ethno mental markers. Everything depends on historical realities. And not only on status state of ethnoses in the frames of nation-states but also in international space. Though, above all, it depends on particular for every ethnic collective opportunities to defend its integrity in a globalizing world and save identity of its members, unlock its life potential and/or carry out ethnic regeneration²¹ if necessary.

Fluctuations which bring international ethnogenic relations into life of ethnic communities of separate countries are capable to inevitably change the system of their societal psychofractals and, consequently, may lead themselves to already unbalanced inherent state for them and systematic for others.

At the same time these fluctuations being connected not only to actual inner activity of parts of a unified multiethnic socium structure of social organisms – substrates of integrated ethnic groups, ethnic minorities, ethnic expat communities, ethnographic groups and relict ethnicities but also are a reaction to the impact on them, which came from international spaces and become a reflection of fluctuations caused by the aggregate of many globalization processes coherently transforming the whole world of Humankind.

This absolutely does not mean that rhythms of ethnogenesis are completely in full solidarity with rhythms of globalization processes, they have their own dynamics, but, in the same time, they have their own pattern of growth, connected to the survival of Mankind and to preserving multiplicity of transcombinations of ethnic diversification even in its globalized form.

This is how a new order of relationships between countries and ethnicities appears, an order, which has no precedents in History – the new global order through fluctuations of modern human society. In regard to this, creation of global ethnic metasystem, based on temporal processes of ongoing transcombinations of interethnic differentiation, appears to be the basic requirement of ethnogenesis of Humanity at this certain chromatic period of existence. Although, according to Norbert Elias, “the transition to integration of humanity at a global level is of course only in its infancy. Though early forms of new worldwide ethnicity is clearly recognized and especially the

¹⁹ If we are not ready, - asks Alvin Toffler, - to literally go back to pre-technological era and accept all the consequences of this – shorter life, more diseases, pain and famine, prejudices, xenophobia, bigotry etc. we will go further to more and more differentiated communities. This raises difficult problems of social integration. How we are supposed to bind together by ties of education, politics and culture this super-industrial order to get one functioning whole? Is this feasible?” And he answers to himself and to us: “Our first and the most persistent need before we are capable to build humanistic future is to stop acceleration with imposes millions of people to a threat of future shock in the same time intensifying all problems, which they should cope with: wars, ecology, racism, obscene contrast between rich and poor, youth rebellion and rise of deadly dangerous irrationalism” [19].

²⁰ M.M. Lebedeva, agreeing with the opinion of V.A. Tishkov, writes that for a concrete person “choice of a basis for self-identification is situational. As a result one and the same person appears in several “overlapping” communities, which due to their “fuzziness” find it difficult to conflict with each other, openly at least. In the end “multiple” identification may lead to identification of a higher level, where all these communities belong to or to certain global or cosmopolitan self-identification” [20].

²¹“Ethnic regeneration – is a restoration of ethnic structure after a shock” [21].

widening of identification of interpersonal relations”²², worldwide ethnicity should not have one or simply dominant substrate.

It has to consist of differentiated ethnic communions, integratively connected to one another in a synergy of combinational actions of mechanisms of ethnogenesis, aimed at survival and progress of Humanity.

Such “strategic vision of future” and, accordingly, systematic action of still ethnically organized sociums in the framework of a single human society should define the essence of this stage of international ethnogenic relations which is closing the cycle of ethnogenesis, leading “through preservation of diversity to unity” of Humankind at the planet named Earth²³.

Yet it did not go beyond her boundaries with Mankind itself, until new ethnic collectives of people did not form somewhere there – on other celestial bodies; yet in the synergy of combinational actions conceptually different complexes of formats of ethnic similarity did not appear, connected to essential in its life adaptive processes and intergenerational information and energy exchanges.

Yet.

The finale of this paper shall recite the idea of L.N. Gumilyev, with which we began this research: “There is no human on Earth beyond an ethnicity. Every person is both member of socium and member of ethnicity”. And if we complement the abovementioned idea with the first postulate of the theory of international relations – namely, that “international relations in their practical sense are relations between people” – we may logically conclude that in any case within a human society international relations cannot exist beyond relations of ethnoses.

And only after having said all the mentioned above may we formulate a wider formula of one of the postulates of Special part of international relations.

Now is the right time to complete this paper, studying the ethnology of international relations as one of the parameters of fundamental spaces of their being.

The complete analysis has shown that:

International relations are synergically connected combinational actions of mechanisms of ethnogenesis, space-time changes happening according to transformation of parameters of operator of ethnic evolution – process of clustered informational-energetic exchange of formats of ethnic similarity, which with a historically defined discretization performs on a basis of diversification diversity of ethnicities according to landscape separated and socially organized structures leading to unity of Humanity in the frames of spaces of intersocium interaction (yet) at a planet named Earth.

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²² “There are many signs of development of new global feeling of responsibility for the fate of individuals in need, regardless of their State or tribe belonging” – says Norbet Elias [22].

²³ Strategic vision of future has to be coherent, - notes E.N. Knyazeva, - meaning a combination in itself of various goals and plans of actions in a single understandable picture of preferable future states of natural and social organization. It has to be strong, meaning with a strong motivation to realization of objectives set and capability to undertake responsibilities. It has to be realistic, meaning connected to understanding of reachable goals, possible to reach and unreachable yet or generally. It has to be value-oriented. We have to understand that the world is going to unity through preservation of diversity of biological kinds, types of social organizations, cultures and languages, space of individual creativity” [23].

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*Dikiy O.**

MAIN PRIORITIES AND STRATEGIC PLANNING MECHANISM FOR SOCIO-ECONOMIC DEVELOPMENT OF REGIONS

The article considers the main priorities of the strategic planning for socio-economic development of regions, reasonable mechanism for strategic planning and identifies its components.

Keywords: region, socio-economic development, strategic planning, strategy, regional development.

Statement of the problem. The future development of Ukraine in the context of globalization and integration processes is debated with new strength amongst the state administrative apparatus and scientific circles. Current development of the country is carried out in accordance with 2004 "Strategy of Economic and Social Development of Ukraine "through the European Integration" for 2004-2015", which includes directions and priorities of the dynamic state regional policy. It was aimed at strengthening the capacity of regional development and competitiveness, overcoming socio-economic imbalance in regional development, improvement of intergovernmental relations, the development of cross-border and interregional economic cooperation, it also reflected the basic principles of administrative-territorial reforms. But ten-year period that the Strategy was formed for is an excessive term for such steep and rapid changes in domestic and international environment, no one in 2003-2004 could not even predicted such a deep and long-term financial and economic crisis in Ukraine, which was caused mainly due to internal socio-economic problems and political instability, rather than the effects of the global crisis. All the above mentioned suggests the necessity of revision of not only the national strategy for socio-economic development, but as well as for the regions. The primary step is to prioritize the strategic planning of socio-economic development of regions and substantiation of the development and implementation mechanism for the Strategy of socio-economic development.

Analysis of recent publications. The research process of the state and substantiation of the strategic planning of social and economic development in Ukraine, in general, and in regions is conducted by scientists of research institutions, above all, the National Institute for Strategic Studies, Institute of Economic Forecasting of NAS of Ukraine, Institute of Demography and Social Studies of M.V. Ptuhii; universities of Ukraine, ministries and departments. A significant contribution to the principles of strategic planning of socio-economic development in regions has been made by Bila S.O., Valyushko I.V., Verkhohlyadova N.I. Hubani G.G., Danylyshyn B.M., Zhuk V.I., Zalunin V.F., Kushnir M.O., Orlovska Y.V., Osipov V.M., Pivovarchuk I.D., Savchenko V.F., Chernov S.I., Chernyuk L.G., Fachevskyy M. I., Shevchenko O.V. et al. [1,2,4,6,7,8,9]. But the high level of uncertainty of strategic priorities of socio-economic development of regions in crisis and post-crisis periods necessitates scientific research to solve this problem, which makes the course of this research relevant.

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The objective of the research. Review the priorities and mechanism of strategic planning for socio-economic development of the region and its components.

The main material. Sustainable socio-economic development of Ukraine's regions is an important prerequisite for country's economic growth, which necessitates providing conditions and prioritizing strategic planning of the regions taking into account their natural resources, economic, scientific, technical, labor potential and characteristics of specialization in the production of goods and services. Regions of Ukraine due to objective and subjective factors are developing unevenly. In turn, the rough regional development and living standards creates provision for social tension in society, threatens the territorial integrity of the country, hampers the dynamics of socio-economic indicators, slows down market reforms and reduces their efficiency [3].

In order to overcome the imbalances and inequities in the development, regions require clearly designated, science-based socio-economic priorities of long-term trends. Coordination processes of regional development in Ukraine were resolved and still are resolved at the state level and are ensured by legal acts. Altogether, this process proceeded in Ukraine ambiguously, it is characterized by long duration and complexity, and it is considered that it started in 1991 and had three phases, during which the principles of independence were developed, legal framework for regional development of the state was formed, and the legislative and regulatory regimentation of regionalism in Ukraine took place [7]. This process still proceeds. One of the courses of further regional development is the administrative and territorial reform. Despite many unsettled issues, the basic priorities of the strategic planning of regional development at the state level are defined, among them such as [5]:

- reorientation of economies of regions on innovative model of development;
- development of human potential;
- improvement of regions' investment attractiveness and intensification of innovative activities in them;
- development of industrial and social infrastructure;
- advance and increase in the efficient usage of regions' natural resources, economic potential;
- improvement of region's competitiveness.

To accelerate the implementation of strategic priorities, elaboration and introduction of strategy of socio-economic development, the regions require a scientifically justified institutional mechanism, which would contain the procedure of strategy development, reveal the organizational and institutional components of the strategic planning process and strategy implementation (Figure). The submitted mechanism characterizes the concept of achievement of goals and objectives for region's socio-economic development, its legal, scientific and methodological, organizational and institutional support.

This mechanism is based on general principles of management in terms of developing and implementing a strategy. In general, the strategic planning includes analysis of the current state of the object for which the strategic plan is designed, formulation of strategic goals and defining objectives, development of strategy, its implementation, control of strategy implementation, determination whether the results of strategy implementation meet the stated goals and objectives, strategy adjustment. Based on this algorithm, strategy elaboration of socio-economic development of the region should be launched with an analysis and evaluation of its socio-economic development, which will provide the status and trend of the macroeconomic situation, assess the natural resources, economic and labor potential and the effectiveness of their realization. According to the results of these studies, the informational provision of strate-

gic planning of the region should be set up which will determine the priorities and further socio-economic development.

If you consider that a strategic plan for region's socio-economic development is a document which provides the goal setting for development of the region, identifies the ways to achieve these goals, provides the analysis of potential opportunities, implementing which will guarantee success, development of methods of progress for selected areas, substantiation of rational ways to use resources, and allows the administration of the region and the regional community to act together [4], then it should result in a strategy for socio-economic development of the region as a course of action, a set of tools and methods by which the challenges will be dealt with.

So the strategy elaboration of region's socio-economic development is preceded by strategic planning. Given the significant differentiation of Ukraine's regions, a unique strategic plan and strategy must be developed for each of them. The state strategy of regional development until 2015 which was approved by the Resolution of CMU № 1001 of 21 July 2006 identifies the priority areas of regional development until 2015. Priorities are set for each region which should be taken into consideration while determining priorities for strategic planning in the region.

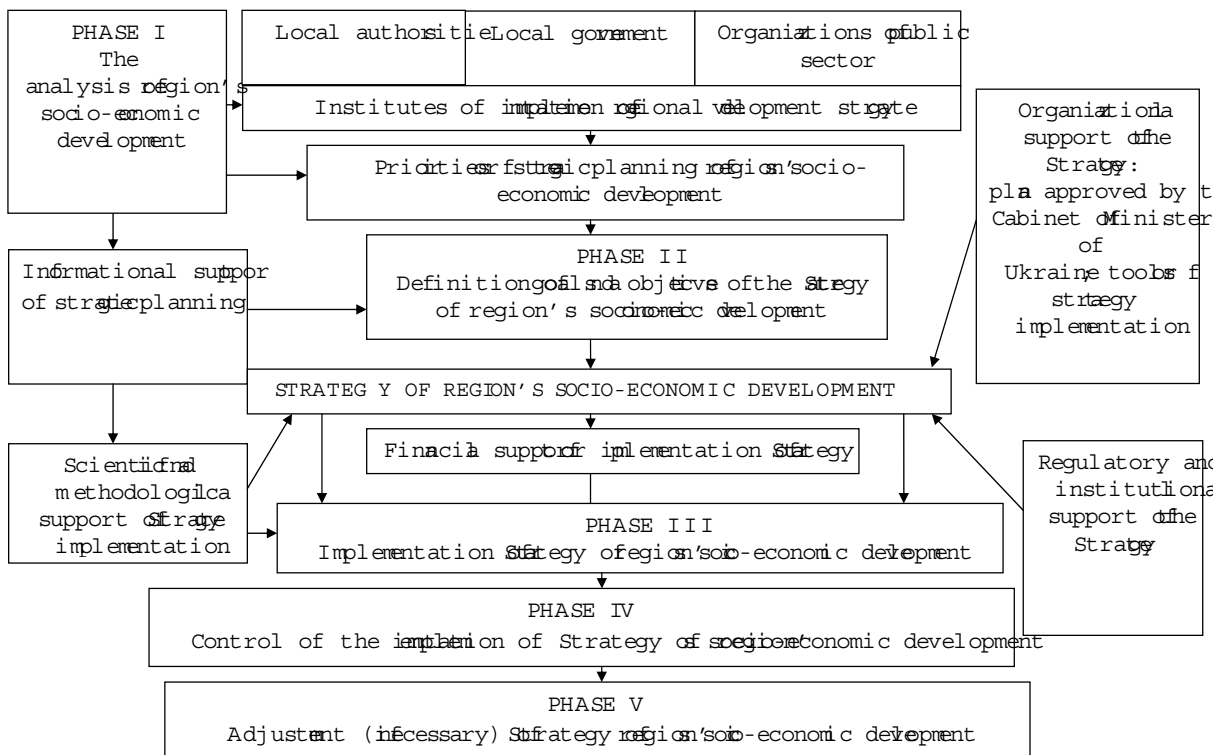


Рис. 1 The mechanism of development and implementation of the Strategy of region's socio-economic development (author's)

Based on the priorities for strategic planning the goals and objectives of region's socio-economic development are formulated. Thus among the major strategic objectives should be the improvement of region's competitiveness and enhancement of its natural resources, assurance of human resources development, improvement of regional cooperation, creation of institutional conditions for regional development [5].

Following the statement of priorities, goals and objectives of region's socio-economic development, their coordination with state governments, working groups are formed to develop a strategy of region's socio-economic development, with specific actions, deadlines for their im-

plementation, responsible persons or organizations, financial costs for their implementation, prediction of expected results. The introduction of regional development strategy is carried out during the process of elaboration and implementation on its base a set of program-planning and regulatory documents: Action Plan of strategy implementation; Annual program of region's socio-economic development, Targeted regional program, Strategy of region's internal areas development.

According to the "National Strategy for Regional Development until 2015", the task execution and foreground trends of the Strategy will be funded by the state and local budgets and other sources. In the meantime, appropriate state targeted programs, regional programs and activities are developed, agreements on regional development are drawn up, which provides the funding within budget allocations that is the basis for their incorporation in the state and local budget for the respective year [5].

Once all aspects of organizational, institutional and financial support are settled, the implementation of the developed Strategy is initiated. Control of implementation of the Strategy is conducted for early stage detection of deviations from the selected course, from the goals and objectives, discrepancy of the results to the set priorities, in case of disparity adjustments are carried out.

The basis of the legal provision of strategic planning of region's socio-economic development is formed by the Constitution of Ukraine, laws of Ukraine: "On local government in Ukraine", "On local state administrations", "On the General Scheme of territorial planning in Ukraine", "On regional development stimulation" "On the State program of economic and social development of Ukraine for 2010" and others., Budget Code, the Tax Code of Ukraine, the resolutions of CMU. The "Strategy of Regional Development until 2015" reflects the principles of regional policy, goals and strategic objectives of regional

policy until 2015, the mechanism and stages of Strategy implementation, expected results, the organization of monitoring and evaluation of Strategy implementation.

An action plan approved by the Cabinet of Ministers of Ukraine and strategy realization tools, such as agreements on regional development, programs for overcoming depression on certain territories; state targeted programs, regional development strategies and socio-economic and cultural development programs represent the organizational support and coordination of the development and implementation of strategies for region's socio-economic development.

Quality of strategic planning of region's socio-economic development largely depends on scientific and methodological support of this process. The substantiation of strategic planning, the achievement of total positive effect from the implementation of developed Strategy requires joint efforts of administrative, financial, industrial, scientific and technical areas, maximum possible engagement and optimization of natural resources, human, scientific and innovative potential of a region, the development of scientific and informational resources, research and proof of global and national experience in strategic planning of regional development. Research institutions have several issues to address such as the elaboration and improvement of methodological tools, the development of modeling methods and forecasting the region's socio-economic development. The quality of management personnel requires an improvement, which makes the need for national and regional training system, retraining and upgrading the skills of local governments.

Conclusion. The procession of materials from the "round table" "Regional development strategy: how to ensure effectiveness" [7] allowed to conclude that Ukraine's strategic planning processes of regional development occur at a slow pace, in addition there is a problem of inefficient implementation of regions' socio-economic development programs. Therefore the ac-

celeration and intensification of the strategic planning processes of regional socio-economic development in Ukraine is a primary objective, and this requires a clear understanding of priorities for regional development.

The objective and main priorities for regional development at the current stage is to overcome the crisis in the socio-economic area, accelerate the pace of economic recovery based on the intensification of investment and innovation processes, which in turn will promote region's national and international competitiveness, improve the standards of living, evolve the human potential. In order to attain these objectives a corresponding Strategy of region's socio-economic development is required, that has an appropriate mechanism of elaboration and implementation which includes strategic planning based on and ensured by efficient informational, organizational and institutional, legal, scientific and methodological support.

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*Pryyatelchuk O.**

SUSTAINABLE DEVELOPMENT AS A MODERN PARADIGM OF GLOBAL ECONOMIC SYSTEM FORMATION

Annotation: During many centuries, economic development has been the main goal of the people, individual countries and the international community. Currently, production and economic growth is not possible to associate the concept of data only with the progress and improving living conditions. On the contrary, there is intense socio-cultural regression of population and environmental destruction. Now economic development, its excessive growth will eventually lead to shorter development cycles and deep: intense growth then a deep economic crisis, and as a result - complete destruction of habitat. This is why the concept of sustainable development as a system of indicators society-environment-economy is the newest, most promising and necessary in modern conditions.

Key words: sustainable development, social state, social business, green economy, balanced development, UN Conference on the Human Environment, the Brundtland Commission.

Problems of construction of the social state have acquired urgency in the research of economists since the early nineteenth century. The main functions of the state were attributed to observe the principles of equality and freedom, protection of weaker sections of the population, economic and social advancement of all members of society, based on the induction principle - the development of one member of the community leads to the overall development of society.

Since the first half of the twentieth century (1930s - "New Deal Roosevelt" in the United States, 1940-s - "Plan of Beveridge" in Britain, 1960-70-ies - other countries of Western Europe) to emphasize the idea direction of social policy, its close interaction with the general political course of economic development has become the general circulation. Currently, de facto building social state enshrined in the Constitution or other regulations of all civilized countries. The term "social state" understand "a special type of highly developed modern society, which ensured a high level of social protection for all citizens through the active role of the state in regulating social, economic and other spheres of his life, establishing social justice and solidarity.

With the term "social state" is closely related category of "social market economy", "socioeconomic development", "social business", etc. Social enterprises, social business with its philanthropic aspirations of being considered in the context of the social economy rather superficial and, often, as one of the vectors of profitable private companies.

Interesting for research and enough ambiguous is concept of "social market economy". Socioeconomists put emphasis on the social impact component on the overall economy. Social market economy, in turn, is a kind of balance between socialism (policy aimed solely at the maximum satisfaction of human needs without regard to economic performance of these processes) and the market economy (only pragmatic system of "profit for its further increase," in which social weaker protection is perceived solely as additional costs to strong).

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The model of social market economy operates on the principles of free competition, market pricing, freedom of establishment and, simultaneously, state control and regulation of social problems. That is, the state granted him by the use of mechanisms of regulation, makes the following legislative and fiscal, which would allow achieving welfare and prosperity of the state. For basic socioeconomic development based benchmarks taken such indicators as GDP, life expectancy, employment, inflation, unemployment and so on.

Social market economy model is implemented in Western Europe (Germany, Austria, France) and East, though with some specific features inherent in them.

Social market economy of Western European design combines the operation of the private sector on the principles of market economy with state regulation to ensure fair competition, high economic growth, low inflation, low unemployment, the achievement of good working conditions, social welfare at the same time providing a range of social services through government intervention (but often in the form of control, not subsidies, typical in Eastern Europe). That kind of public services related areas - education, environment, natural resources, the implementation of waste, television and radio, providing electricity and gas, health, defense, internal order forces (police), public transport and so on.

That is self-regulating free functioning of all elements inherent in a market economy (private property, free exchange of goods and services on domestic and foreign markets, free market prices, etc.) occurs in parallel with the creation of the social security system, even social security, aimed, primarily to address problems in pension, health and unemployment insurance.

Efficiency of this model demonstrates the experience of Germany, the ruling party which has used this approach as a base since the 1960s, and the former Yugoslavia, reforming the economic system whose model for "social market economy" has allowed to maintain annual growth of GDP on average 6% for nearly 30 years (from 1960 to 1980-s).

A specific feature of this economic model in Eastern Europe is just redundancy of public services. Since the main objective should be not excessive increase in social assistance, but promoting of economic development, achieving self-sufficiency of individual members of society to even reducing this aid.

But no matter how positive is proved to be a model of "social market economy", there are several disadvantages associated primarily with limited strategic vision for its implementation. Having reached a peak of technological and economic development, the international community has concluded and, most importantly, has to some extent inevitable transformation of awareness of current positive trends in the intensive development of adverse effects, even recession processes in the future. The most vulnerable in this context is the social and environmental spheres. Reducing the population in industrialized countries and the rapid growth in economically depressed regions, its degradation, poor health, duration and overall quality of life, changing cultural values, etc., as well as environmental pollution, global warming, associated with destruction ozone layer, destructive use of natural resources, etc. - all processes that directly or indirectly a consequence of human activity, made her progress in the future may have negative consequences, negate the positive effects achieved to date. Moreover, the undisputed fact remains that the stop data cannot be negative processes, but they slow down, to prevent large-scale devastating consequences in the future, that is trying to keep fit for healthy ecosystems to future generations and perhaps necessary.

This aspect takes into account the latest model of development - "economics of sustainable development." In the context of this concept the definitions of "development", "economic growth" is somewhat ages. Classically, two criteria-based definition of economic growth is GDP growth indicators and assessment positions competitiveness in world markets. But practice

shows that GDP growth is often simultaneously with the degradation of environmental protection, or at least an additional source of problems in this area. A striking example of this trend is more difficult position of developed countries on greenhouse gas emissions associated with complexity reduction of their volume by 6-8% adopted for the obligations under the Kyoto Protocol, under conditions of steady GDP growth, compared, for example, with Ukraine, where there is an excess of quotas through passive output growth (the significant reduction compared to baseline 1990). Similar is the situation for others, including socio-economic indicators of sustainable development. So, it's naturally that excessive growth of export of goods from one country leads to excessive release of the release of workers (and, consequently, the unemployment rate) in the relevant area in the country importing these products. Moreover, output growth did not automatically improve the situation of employment in the country exporting, as achieved in the first place, not by increasing jobs in enterprises producing these products and by improving the technical component of the production process.

Obviously, that the only monetary criteria, such as GDP, exports, investment in the national economy, profits business units, etc. is quite exhaustive, informative, but not sufficient indicators of sustainable development. At the same time is unacceptable radical change of priorities. In any case, the monetary component is primary, because it is present in all aspects of the analysis of economic conditions and prospects for economic development such as social, ecological, cultural, etc.

Based on the above, we propose to choose the concept of "sustainable development" as a single integrated approach, whereby in the evaluation of the development of indicators used at the same time economic, social and economic spheres.

In addition, sustainable development means not only achieving positive changes in the present, but such state of civilization and human activity in which society, its members and economic actors, are fully satisfying their current needs and optimally expressing their own potential in the present, trying to save natural biosystem, diversity of species in the future for generations to come.

The formula for sustainable economic development is a combination of economic growth, ecosystem preservation, creation of the welfare state, which would be operated on a basis of equality, the rule of law, non-discrimination, respect for human rights and cultural development. Thus this way of life has become an ideology of all members of society in all countries, and only under such conditions, economic growth would be equivalent to sustainable development (such, for which the positive trends continue in the future, not obtained in the present due to excessive negative consequences for future generations).

Discussions of scientists, politicians and businessmen for understanding economic development and identify ways to achieve it were carried out for a long time. Ambiguous place in these discourses took environmental issues, socialization of public administration, economics and business. In 1971 international public environmental organizations Greenpeace was created. Although its primary purpose was to address global environmental problems by attracting public attention and government today are increasingly subject to attacks of this organization are separate companies and governments are under pressure "publicity" of Greenpeace have to coordinate their activities to, natural and monetary consequences (e.g., waiver of building nuclear power plants, with which connected the need for reorientation of production facilities to use alternative energy sources for the government, or waiver of cheaper but environmentally harmful packaging, some manufacturers, affecting, respectively, the price of the product and its competitiveness, etc.). Thus environmental component consciously or not included in the general formula of economic development of countries and individual companies.

1972 in Stockholm hosted the UN Conference on the Human Environment. Although by this time the topic was not new, it is considered the first Stockholm Conference, where such a high level was recognized environmental degradation caused by human activity as a result of the accelerated pace of development of science and technology that enabled man to make a significant impact on the environment. In addition to the negative aspects of this impact, the Conference has been defined, in our opinion, a number of other key issues, including:

1) preservation and improvement of the surrounding human environment is a problem that directly affects the welfare and economic development of all countries;

2) fundamentally different are problems associated with the environment, for industrialized countries and the developing countries, based on differences in objectives, shared a common goal - received as a result of technical and scientific progress can modify the environment should be used to improve effective use of natural resources that would increased the overall quality of life, and does not result in negative consequences destructive to the environment;

3) protecting and improving the environment for present and future generations must be achieved in conjunction with the general objectives of international economic and social development [1].

Especially important is the emphasis made in this declaration on the need to build an ideology according to which would be carried out implementation of this concept. To achieve the general goals of environmental needs recognition of liability on the part of citizens and societies, as well as enterprises and organizations at all levels. Local authorities and national governments should bear the greatest responsibility for implementation of the policy environment and for the activities within its jurisdiction.

An increasing number of problems associated with the environment, gets the status of regional and international. It is therefore necessary to carry out close cooperation and coordination between states and relevant international organizations. Through the expansion of international cooperation will be carried out as support for developing countries.

Although by the time the relationship between man and the environment were not a new topic for discussion, namely the Stockholm conference is the first in which publicly acknowledged the problem of degradation of ecosystems under the influence of human activities and stressed the need to develop and implement a clear international strategy in this area.

Moreover, began openly discussed such problems as environmental pollution mercury emissions and acid rain. Increasingly, research began to emerge, which defined "unstable tendencies of social development", which further helped to define "sustainable development" and singled out the options to achieve them is a priority on building a sustainable economy.

Stockholm conference, first by adopting the principles of international environmental activities, became a start of construction of a new paradigm of human development. Since environmental issues are taken into account as a priority for regional and national levels. It is significant that by 1972 in all countries there were only 10 ministries of the environment as of 1982 these ministries or departments have been established in nearly 110 countries. However, in that time environmental issues have not be linked closely to the socio-economic development.

Environmental problems actively discussed not only the scientist, but also economists. In addition, the importance of this aspect of economic science is rather ambiguous. Proponents of a concept common to economic growth and progress are considered as two interconnected, practically equivalent concepts. Economic growth cannot be determined exclusively one-sided monetary indicators (size of GDP, exports, inflation, unemployment, etc.). Person can simplify some concepts. But in this case is extremely important to understand the need for an integrated ap-

proach to interpreting the concept of "economic development", in particular, would at least achieve its sustainability. Although the idea of many measurability of economic growth can be traced and representatives of other concepts, their proposed unification of all aspects of economic development, their financial assessment (i.e. the existence of different components of economic growth is recognized, but they measured only monetary) is unacceptable, since destroyed or ecosystem degradation and depopulation impossible to evaluate.

Environmental component should be considered and evaluated peculiar way, based on its specific features. A similar approach has and other components of sustainable development, such as social, cultural, health and more.

Definition and analysis of targeted concepts of sustainable development of world economy started in the 1980s, although it was associated only with the first greening of their economies, bypassing the area of sustainable social development. In the World Conservation Strategy, developed in 1980 jointly by representatives of the UN environment, WWF and IUCN, sustainable development is associated with "development without destruction"; environmental factor is recognized as an integral part of the process of sustainable social and economic development. It is in this report for the first time the English term "sustainable" (supporting, sustainable, continuous) appeared in the expression "sustainable development" ("sustainable development").

Conservation of nature (in the context of the Strategy) - it is resource management of the biosphere, which can bring stable income generation today without spending a natural potential of future generations.

The second edition of the World Conservation Strategy (1991) called "Caring for the Earth - a strategy for sustainable living." It stressed that development should be based on preserving wildlife, protect the structure, function and diversity of earth's natural system, which should keep the system sustain, maintain biodiversity and ensure sustainable (inexhaustible) the use of renewable resources.

The next and one of the most crucial steps in the development of this concept was the report of the World Commission on Environment and Development "Our Common Future", known as the "Brundtland Report", 1987.

80th of the twentieth century that preceded the publication of this report, were characterized by wide discussion among economists regarding the interpretation of the concept of economic development. Yes, often talking about a statement (not assessed) possible threats to the environment and natural resources caused by human activities in particular and economic development in general, reflecting the limitations of perception and Without stopping theoretical economists these issues. Some have proposed to introduce the concept of "quality growth" as opposed to the then existing approach of quantitative monetary estimates of all variables (environmental, social, cultural, etc.). In the context of ecological development introduced the terms "eco-development" and "ecological economics". Was on "Ecological imperatives for public policy", i.e. the principles primarily formed to counterbalance the tendency - to prevent degradation of natural resources, observing precautions environmental safety.

In addition to the existence of differences and diversity in the interpretation of the categories of "sustainable development" and "old economic development" and to date, the entry should note this process is somewhat different color. Firstly, the fact of the necessity of building an economic system for sustainable development in individual countries and the world in general, even if the diversity in understanding the ways of implementation of data management principles, long established and accepted by the world economic community. Secondly, sustainable development, according to many philosophers, sociologists and economists has to be integrated into ethics and ideology of the existence of society as a whole and each of its members

directly. The idea is that every member of society, the individual shall not be limited to the achievement of purely personal interests, but also to assess the impact of their actions on society as a whole, as well as future generations. Even higher levels of this ideology have become the treatment of personal interests based primarily on common, whole-planet purposes of life and problems of life. And such an understanding of how to achieve sustainable development should become an ideology, a norm of life. This approach (demeanor) is interpreted as "internationalization interests" of others. These "others" include: the current generation of individuals of a community, region and global society; next generation of individuals of a community, region and global society, present and future nonhuman life forms [2].

This list could be easily continued. We should worry about the natural landscape, old buildings and other cultural artifacts. The idea of "think and act ethically," the good society - brings in the concept of sustainable development of the social component. Moreover, this social aspect must be assessed some unique way, not only focusing on its monetary assessment. The level of welfare, poverty, citizens, and human rights should not be limited to certain monetary equivalents, and interpreted as a multidimensional concept.

Most of the declarations made at various summits and congresses of the environment, human rights, poverty alleviation etc. purely recommendatory, declarative, and evaluation of their implementation shows shortness compliance obligations. In vain would think that individuals can help others in a global sense, or dramatically affect future generations, but that the spread of this ideology and activities of the so-called micro level - individual and organization - enables the realization of the sustainable economic development in the future.

In the "Brundtland Report", published 1987, was first unified development problems encountered by the international community, an analysis of root causes and risks of further activities and ways to minimize their negative effects.

The report of the Brundtland Commission sustainable development is defined as "the ability to meet the needs of the present generation without compromising opportunities for future generations to meet their needs." Today the term "sustainable development" is widely debated in academic and political literature and firmly entrenched in the communication systems of the world community. However, having received widespread international support, the term "sustainable development" and received no less broad interpretation. The report of commission development was not separated from the growth, as it did not have any clarifications regarding the degree of stability. The authors of the concept failed to start in life on an international scale too radical idea at the time. But they opened the way for its widespread and long discussion that does not stop until today [3].

The focus of this report is on determining ways to environmental risk assessment and declaration obligations of state, international and nongovernmental organizations in environmental protection, activities of various international programs, such as "Earthwatch," in the field of research and educational activities and more.

However, special attention was paid and the relationship of ecology and economy, their interaction and assessment of prospects for economic growth based on the current availability of natural resources, on the one hand, and its ambiguous impact on the environmental situation in the world, on the other.

In particular, the report states that: (1) the environment is getting worse; to solve environmental problems and poverty, especially in third world countries need to achieve continuous economic development, (2) the interests of the environment must be unified with the overall objectives of economic growth, (3) generally is the fact that strict environmental standards carries a favorable impact on the environment and on economic growth, in addition, such rules

shall encourage innovation, creativity and encourage efficiency and promote the expansion of employment (4) long-term development objectives, ensure a healthy environment and an acceptable standard of living for all require significant changes in attitudes of people, that the new ideology.

At the same time and evaluated the financial aspect of activity in this direction. As a result of a number of multilateral meetings, based on research carried out is evident that in the long term to carry out environmentally sound policies and benefit from the economic point of view. However, in the short term there is potentially a need for very large capital investments in areas such as development of renewable energy, creating equipment for pollution control and integrated rural development.

During a quarter century after the publication of Brundtland Report remained relevant not only to environmental problems and the negative impact of human activities on it (technological progress, increasing capacity, etc.), but also evaluating the effectiveness of environmental management at the enterprise level and individual countries. An additional problem is agreed upon, but no consistent policy of individual states in the field of environmental management-related, primarily, with different levels of economic development, and hence overall strategic goals and objectives of policy in this area.

The principles of sustainable development are reflected in the outcome documents of the international conference in Rio de Janeiro 1992 (United Nations Conference on Environment and Development, 3-14.06.1992r.), which marked the completion of the Concept of sustainable development. Besides a large number of treaties and conventions, the basic decisions of the conference became a "Declaration of principles of environmental protection" and "Agenda - XXI century". Sustainability is defined as a process that meets the needs of the present, but does not leave future generations the possibility to meet its own needs. The UN established a special committee on sustainable development.

In the declaratory document "Agenda - XXI century", based on the principles of sustainable development concepts, taught the main activities of the international community to achieve sustainable development. In addition, the "Agenda" contained recommendations each country to develop national strategies for sustainable development through economic, social and environmental plans, given their consistency. One objective of the strategy was to be trusted for social economic development, in which committed to measures to protect the environment for future generations. This national strategy should be developed with the participation of all segments of the population, including assessment of current situation and initiatives. It was assumed that the process of developing national strategies for sustainable development should involve the ministries of finance, environment, health, transport, energy and others.

Since 1992 a number of really made some steps towards achieving strategic objectives in the declarations. In particular, the Norwegian Parliament report was prepared by the decisions of the Conference and their implications for the country in Sweden, a law on the use of the Conference, in Estonia - the Law on sustainability. According to the recommendations of the "Agenda" has developed national strategies for sustainable development in Australia (1992), UK (1994), USA (1996), Belarus (1997). In Russia, was established concept of Russia's transition to sustainable development (1996). In the Netherlands, was adopted "Action Plan - resistant Netherlands" (1992) in Canada - Action Programme for the society and so on. Environmental factors were included in the macroeconomic policy of some countries such as Costa Rica and Gambia (they used the methods of economic-environmental accounting resources), China, Tanzania and others. In some countries began to develop local "Agenda XXI century." Many countries have created national commissions (committees) Sustainability - for example, during the

presidency of the United States (1993), the Prime Minister of France (1992), Norway, Sweden (1994), the Cabinet of Ministers of Ukraine (1997 from 2003 - National Council on Sustainable Development of Ukraine).

Although national strategies for sustainable development a priority level of individual subjects other than their development of new approaches supported the establishment of environmental policies, such as:

- strategic environmental assessment, the emphasis which is placed on identifying cumulative effects of economic activity and environmental impact of government plans and decisions in various areas of socio-economic development;
- indicators of sustainable development;
- environmentally oriented system of the enterprises and companies (international standard for creating an environmental management system ISO 14000: 2009);
- integrated enterprise control of pollution of the environment and for products throughout the production cycle to the point of waste;
- development of registers of polluting emissions and hazardous materials;
- expansion of trade of non-manufacturing emissions and water;
- issue securities relating to ecologically sustainable activities;
- voluntary agreements between industrial companies or associations and government to voluntary commitments on environmental protection without taking the relevant decisions and legislative acts;
- conducting joint environmental action at the different levels of development (e.g., investment industrialized countries backward);
- implementation of a records-based system of national accounts, approved by the UN, etc.

Apogee of strengthening the concept of sustainable development has become a high-level conference on Sustainable Development in Johannesburg (South Africa, 26.08-4.09.2002), known as Rio +10. A characteristic feature of Johannesburg summit, compared with previous similar events, had a large number of the representatives of business circles. Therefore, in the final documents of the Summit contained a number of appeals to the business sector, in particular the opening of business, disclosure statements and other similar principles underlying the concept of corporate social responsibility. Business representatives, along with nongovernmental and intergovernmental organizations have made a number of voluntary initiatives, and declared their commitment to energy development, increase production of agricultural products, more efficient use of ecosystems and so on. Along with environmental issues, sufficient attention is paid to the Conference and social and economic issues of globalization, trade, financing for sustainable development (emphasis omitted again the theme of nuclear security, disarmament, military activities and their relationship with the environment and the concept of sustainable development.) Results decade towards sustainable development experts assess differently. Some believe that the transient development still prevails in most regions of the world. Almost all countries have been unable to meet its obligations in 1992, which led to an increase in global socio-economic crisis, worsening environmental problems.

Executive Director of UNEP report on the environmental study of the UN in 2002, said: "Earth poised on the edge of the abyss, and the time to make economic and policy choices that could avert disaster, rapidly passing." Until the causes of global environmental degradation, he took particular problem of the proliferation of poverty and unfair distribution of wealth. Therefore, review and develop solutions to problems in the social sphere were considered members of the Summit along with the environmental issues raised for the agenda ten years ago in Rio de

Janeiro. To achieve sustainable development primarily to eradicate poverty, develop versatile system of health and sanitation, including acute for some regions of the world problems associated with the provision of clean drinking water.

As a result of the Summit was signed about 300 partnerships between governments, NGOs and commercial entities involved in about 300 million dollars additional financial resources, signed a number of resolutions and conventions adopted. Overall, despite the existence of a number of problematic questions for discussion among the participants of the Summit, the concept of sustainable development as the integration of three systems - ecology-economy-society - has been recognized as a general strategy for global development.

However, the scientific community in a single generally accepted definition of sustainable development has not been found. Currently in the literature there are over 60 definitions of a system. There are a number of differences between standard and alternative understanding of sustainable development. Most economists, governments and official agencies (including the International Monetary Fund, World Bank and SAAT - International Agreement on Tariffs and Trade) that define the national and global policy, demonstrate an understanding of the subject standard. A large number of "alternative" economists, independent thinkers and NGOs try to explain and implement an alternative approach to sustainable development.

Common thought says, requires a stable economic growth to help meet the needs of people in raising living standards and the accumulation of funds by which to ensure environmental protection. An alternative view is that economic growth last twenty years has allowed only marginally improve the quality of human life. Sustainable development - a work: 1) sustainable economy that satisfy human needs, excluding mining resources or production of waste in an amount that exceeds the regenerative capacity of the environment, 2) social institutions that can guarantee security and social, intellectual and spiritual growth.

Similarly, the concept of "sustainable development" is understood in two senses: a narrow and wide. In the narrow sense of the attention focuses primarily on its environmental component that is associated with the optimization of activity on the biosphere. Sustainable development - is meeting the basic needs of existing and future generations while maintaining traditional natural resources of the biosphere. In fact, it concerns the strategy of bio compatible activity that involves performing a number of conditions. Firstly, the rate and extent of consumption of natural resources shall not exceed the natural conditions of regeneration of ecosystems, and secondly, the volume of waste production and economic and socio-cultural activities cannot exceed assimilation capacity of the biosphere, and thirdly, recycling non-renewable resources is possible only in such volume and scale, which offset the corresponding increase in consumption of renewable natural resources, and fourthly, in the decision-industrial-economic decisions must take into account not only the potential economic impact but also social and environmental consequences; fifth, when choosing an optimization strategy for activities in the biosphere should proceed from the interests of both current and future generations. Sustainable development is widely interpreted as a process that marks a new type of civilization functioning. As an example of this kind of approach can be considered the definition proposed by the Brundtland Commission. Indeed, the tasks of optimal control not only the natural resource potential, but of the totality of the natural social and cultural wealth, which are owned by civilization at a particular stage of world-historical development (including prognostic context).

It should be said about the level of sustainable development: global, regional, local. There is an approach in which sustainable development is divided into three components:

1. Sustainable social development. With this development resources should be aimed at ensuring equality of people and social justice. Its task is to establish the priority of quality im-

provement compared to quantitative growth, such a pricing policy that provides for the full costs of production, including social. Achieving Sustainable social development is possible only under conditions of social partnership. The most important forms of social capital should be considered as social well-being, cultural promotion, discipline, honesty, etc. This social capital is restored and served as cultural heritage.

2. "Sustainable Economic Development - support for man-made capital (tangible), human capital (including information and cultural) and natural capital. This requires a departure from the externalization of the costs of environmental protection (as imposed from the outside), their internalization of formation costs inherent in the economic system.

3. Sustainable environmental development - development in which the well-being is ensured preservation of sources of raw materials and environmental pollution from runoff. The level of emissions must not exceed the assimilation capacity of nature, and the rate of use of non-renewable resources must meet their compensation by replacing renewable components. It should be noted that most scientists agree the above ternary system approach to sustainable development. The views of different groups of scientists on the development of nations and humanity as a whole differ in the degree of prevalence of environmental over economic criteria. According to some scientists - a major one is restoration of the economic system steadily. For others - must be paid attention not only economic rationality, but also things of common use, the use of which causes externalities. Still others offer slow or even stop growth to save the environment because the laws of physics do not allow reducing the anthropogenic impact to zero, although technical improvements should be used primarily to reduce the negative impact of industrial activity on the environment.

Recently considered the concept of "sustainable development" that provides for the implementation of socio-economic development so as to minimize the negative effects of depletion of natural resources and deterioration of environmental quality for their preservation for future generations.

Clearly, in today's world is an economic one, so that there can only exist in harmony with nature, and is closely linked with a number of economic categories. Therefore, one should strive not only sustainable, but sustainable society, in which an equal degree of care and of material well-being, and the nature of, and directly about the person.

Balanced development takes into account the total assets that is constant or increases with time. This asset consists of: industrial capital (machines, factories, and roads), human capital (health, knowledge and skills) and environmental capital (forests, air quality, water and soil).

The country must consume that amount of an asset that does not reduce the total potential reserves.

The strategy of sustainable development policies should combine social and environmental spheres in all ministries and at all levels, including taxes and budget. This strategy should be aimed at socio-directed economic development, along with protecting resource base and environment for the benefit of future generations.

Balanced development - is, in fact, scientifically weighted balance between many factors. It is not even science, and art that as the factors that are subject to accounting, rather large, and the quality of any data is often questionable.

General principles of prioritization of sustainable development can be summarized in three main categories that are complementary and must be applied simultaneously: 1. Environmental monitoring of economic policy. To support by all possible ways such policy, which also improves the environment. For example, market pricing in the field of energy, together with economic and industrial restructuring, may, under certain conditions, visible in the development of

energy saving technologies that reduce consumption of natural resources and industrial load on the environment. 2. Adoption of environmental policy target, which creates a basis for promotion of environmental activities. This can include a flexible system of payments and penalties, which are regularly reviewed and adjustments of economic activities by optimizing the environmental standards, and change management systems within the use of certain natural resources, and targeted investment to address specific problems progressing, which cannot be solved in during the implementation of major environment protection measures.

3. Priority short-term investments and long-term low-expenditures. Focusing on the environmental costs of those projects that actually solve some environmental problems, not spending substantial funds for projects during the implementation of which is very long, or specific results that have low ratio of results.

The main characteristics of the process of sustainable development:

- ecosystem environmental planning;
- in national environment management systems evaluated (including monetary and quantitative terms) as a source of capital and as a sink waste;
- economic and social development plan without loss of environmental quality (comfortable environment) - a figure that is difficult to express quantitatively;
- the transition from narrow sectorial approaches to integrating environmental factors;
- fixed reporting (monitoring) on socio-economic conditions and trends in the environment and natural resources;
- the necessary environmental costs are perceived as an integral part of economic activity (both producers and consumers) and are included in pricing;
- permits for "emissions" in combination (or instead) of fines;
- charges for the use of natural resources (including for "emissions") within certain norms - low, and in excess - is very high;
- refusal of subsidies for energy and rising energy prices;
- reduction and elimination of subsidies in the natural areas that do not meet the objectives of sustainable development [4].

In general, today rather talk about the possibility of achieving weak sustainability. For this reason it is important to establish the institutional basis of compensation depletion of natural resources. Necessary to ensure adequate separation of ownership of natural resources potential, remove the differential rent, which is formed as a result of exploitation of natural resources, seek to replace non-regenerative resources reproduced, and the degree of use of reproducible resources should not exceed their natural growth. "Assimilation capacity" of the environment determines the capabilities of society to overcome the negative effects of a particular type of economic development, and officials who are in power, must fight for the preservation of "assimilation capacity" of the environment.

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FORMING FACTORS OF THE NEW MODEL OF THE EUROPEAN INTEGRATION STRATEGY OF UKRAINE

В статті висвітлюються передумови формування нової євроінтеграційної стратегії України в контексті внутрішньополітичних та зовнішньополітичних змін, зокрема з огляду на реалізацію ініціативи Східного партнерства.

Ключові слова: Східне партнерство, європейська інтеграція, євроінтеграційна стратегія України, Європейська політика сусідства, Європейський Союз, зовнішня політика.

В статье освещаются предпосылки формирования новой евроинтеграционной стратегии Украины в контексте внутривполитических и внешнеполитических изменений, в частности под углом зрения реализации инициативы Восточного партнерства.

Ключевые слова: Восточное партнерство, европейская интеграция, евроинтеграционная стратегия Украины, Европейская политика соседства, Европейский Союз, внешняя политика.

This article highlights preconditions of formation of the new Ukrainian strategy of the European integration in the context of internal and external political changes taking into consideration implementation of the Eastern Partnership initiative.

Key words: the Eastern Partnership, the European integration, Ukrainian strategy of the European integration, the European Neighborhood Policy, European Union, external policy.

The European choice of Ukraine was determined in the initial period of formation of its external policy in the early 90's. At the same time, Ukraine has agreed to sign the Partnership and Cooperation Agreement (PCA) with the EU which, although putting an ambitious goal of membership in the EU had limited nature and did not differ from the PCAs concluded with other republics of former USSR. The limited nature of the PCA resulted in exhaustion of the dynamics of development of the EU's relations with Ukraine as of the moment of its ratification in 1998. The stagnation became evident in the EU-Ukraine relations caused by the discrepancies in assessment of and attitude towards the prospects of mutual cooperation. In the expert circles of both Ukraine and the EU the idea that the PCA retarded the development of bilateral cooperation which is already out of scope of the agreement became widely common.

In the 90's the prospects for cooperation with the EU were assessed quite optimistically in Ukraine, as Ukrainian foreign policy goals evidenced. Thus, the European Union Integration Strategy of Ukraine of June 11, 1998, approved by the President of Ukraine, identifies the pri-

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orities of the executive power of Ukraine for the period till 2007, and it was supposed to create conditions for full membership of Ukraine in the EU for this period. The European Union Integration Program of Ukraine was approved by the Decree of the President of Ukraine of 14 September 2000. It defined stages of Ukraine's movement to the EU membership: membership in the WTO, integration of Ukraine into the EFTA and EEA; creation of free trade area between Ukraine and the EU, obtaining association status with the EU. Thus Ukraine sought to bring the bilateral cooperation to the level of integration and to transfer their partner's relationship into the association.

The expressed desire of Ukrainian politics to see in the EU strategy towards Ukraine such categories as the association with the EU or "full" membership was seen in Europe as an expression of non-understanding the actual content of developments and groundless counterproductive political idealism. The common position of the EU member states concerning Ukraine in the 90's was limited to the support of democracy and economic reform support and the economic cooperation strengthening.

Asymmetry in the approaches of Ukraine and the EU concerning the ultimate objective of relationship development emerged as a result of discrepancies in the understanding of the European integration. The Ukrainian side considered the European perspective as an accelerator of internal reforms, factor of economic and political stability, instrument of affirmation of own European identity. In the words of Ukrainian diplomat K. Eliseyev "the European integration is a hoop which tightens mixed and split Ukrainian policy" [1]. The idea of the European integration is approved by the majority of the population and political forces in Ukraine, so this is one of the few elements of the national consensus in respect of foreign policy issues. The prospect of membership would strengthen the consolidation of Ukrainian society around the European integration vector which is important because of the regional differences on foreign policy priorities.

The EU functionaries on the contrary believe that the membership or its perspective is not a prerequisite for internal reforms of potential candidates. Taking into consideration the experience of the EU negotiations with the CEE countries, we can speak of a common position according to which the EU membership is not the beginning but it is the end of the process of approximation to the EU. Thus, the transition of the pre-accession countries into the category of full members is subject to the full adaptation to the norms and procedures which govern the activity of the European Union.

Actively pretending to the EU membership for many years Ukraine has not increased the number and weight of arguments which would bring closer such a prospect. Ukraine has failed to undertake effective reforms since independence. It was one of the worst in the CEE practically in all components of assessment of readiness to join the EU.

The last wave of the EU enlargement showed that in the medium term absorption capabilities of this international organization are close to exhaustion and Brussels requires the development of external policy other than expansion, as well as establishment of the format of relationship with neighboring countries.

The European Neighborhood Policy (ENP) was launched in 2004 – it was an initiative which brought together 16 countries - beneficiaries and was aimed at creation of a number of countries around the EU with stable government, developed economic system and readiness for constructive cooperation with the EU. It was important for the EU to organize belt of stability and security at its eastern border zone based on pragmatic interests. On the other hand, the ENP became the unexpected result of attempts of some European countries to highlight the eastern direction of the EU external policy. However, the European Commission extended the project

for Mediterranean countries, and included the Barcelona process in the new framework of cooperation with neighboring countries under pressure from France and Spain. From the EU's side it was a compromise between the need to maintain interest to the European integration project in post-Soviet countries and unwillingness to satisfy the claims of some of them, including Ukraine's claim to full membership. Moreover, the inclusion to the concept of Mediterranean countries which could not join the EU due to their geographical location, was aimed at closing the membership for the rest.

Thus, the intention to optimize the EU's relations with the neighboring countries on the east transformed into a cumbersome and inefficient instrument - the ENP, generalizing and egalitarian nature of which gave rise to misunderstanding not only among the so-called neighboring countries but also among the EU member states.

The ENP was accepted quite skeptically in Ukraine. The absence of the European prospects for Ukraine and its separation from the policy of expansion that "rather excludes Ukraine from Europe than promotes its inclusion" were among the major deficiencies, pointed out [2, p. 19].

The negative impression of the new neighborhood policy was strengthened in Ukraine with remarks that were made after its disclosure by the senior functionaries of the EU. The head of the EC R. Prodi and the EU Enlargement Commissioner G. Verheugen excluded the possibility of Ukraine membership in the EU in the long run. There were statements about the need for "correction of European integration strategy" of Ukraine and the completion of the period of "European romanticism" in expert community and among politicians. In May 2004, sociological services recorded drop in support by the Ukrainian population of Ukraine's accession to the EU to 44% compared to the previous years when the support for the European integration strategy of Ukraine reached 60-70% of the polled [3].

The transition to the period of "European romanticism" was somewhat delayed by the events of "Orange Revolution" and the associated foreign policy aspirations of Ukrainians. However, there were no fundamental changes in the EU's position. At the same time, in recognition of democratic and economic reforms that took place in Ukraine in 2005 - 2006, the EU and Ukraine started negotiations on a new enhanced agreement in March 2007, which had to run beyond the existing PCA. The sections of the agreement on cooperation in the sphere of politics and security, and also cooperation in justice, freedom and security were practically agreed, the significant progress on economic and sectoral cooperation was attained in the end of 2008. The EU and Ukraine launched negotiations on the deep and comprehensive free trade area (FTA) in connection with the completion of the Ukraine's accession to the WTO in February 2008.

The "Eastern Partnership" (EP) founding summit took place on May 7, 2009, which launched the new direction of the EU's activity under the ENP, implying the enhanced cooperation of the EU with the six post-Soviet states - Ukraine, Azerbaijan, Belarus, Armenia, Georgia and Moldova in order to stimulate or strengthen the modernization processes in these countries and to develop their relations with the EU.

The EP Initiative aims to include these six post-Soviet countries in the low-intensity integration project under the aegis of the EU. There is the model of "Europe of concentric circles" in the EP concept which consists in organization of various cooperation areas with the successively reducing depth of integration around the EU consolidated core. The EU acts as the core of the European integration process. The second and the third circles are the candidate countries for the EU membership and the European Economic Area (EEA) countries, and the widest circle is the neighboring countries, and according to the new concept they are partners. "The EU expansion process is reduced to protect the main core of the EU by deliberate involvement of its surroundings within the frames of environment beyond the acceptable conditions of democ-

racy and constitutional state" according to German sociologist G. Vobraby [4, p. 109]. A market economy should be added. Thus, unlike the ENP, EP gives Ukraine the prospect of possibility to get into the third's European integration circle - EEA. The participation in the EP does not guarantee future membership in the EU, but as in the case of Ukraine, it is also not an alternative to full integration into the EU.

The EP initiative has been met with reserved criticism in Ukraine, which was a result of the overrated public expectations from the cooperation with the EU and the internal political situation [5, p. 17]. The official position of Ukraine was based on the opinion that "this initiative will never replace the prospect of full membership in the European Union" [6], and therefore it should not be considered as an alternative to the EU enlargement.

In 2010, the governing team and external policy were changed in Ukraine. At the same time, the Law of Ukraine "On the Foundations of Internal and External Policy", which came into force on July 20, 2010, confirmed that the EU membership remains the key priority and strategic goal of Ukraine. There is a departure from the ideological approach to the perception of the initiative in a pragmatic way in relation of the official Kyiv to the EP. So far, the Ukrainian government has no clear position on the implementation of the EP, but the authorities of Ukraine tend to consider it in some cases as a strategy of "balancing" between the West and Russia, as well as some modernization project [7, p. 82].

The retrospective of the evolution of the analysis of the European integration policy in Ukraine suggests that there is the completion of the period of idealism in the external policy of Ukraine, which was slightly stretched in time and negatively affected the understanding of the European integration and formation of the European integration strategy. In Ukraine, both in the expert community and on the political level it is acknowledged that the "strategic pause" occurred in the process of the further enlargement of the EU to the east. Moreover, Europeans have to deal with complex issues of the financial crisis, competitiveness improvement and maintaining of leading position in the international system, and the crisis of the European social model which complicates the process of deepening and widening of the European integration. Thus, external and internal policy factors determine the need for rethinking the European integration course and formation of the new model of the European integration strategy of Ukraine, in particular in the framework of the EP initiatives.

For Ukraine, which completes the negotiating process on the Association Agreement, conducts negotiations on the FTA and visa-free travel and joined the Energy Community, the EP is an opportunity to fix outlined and new prospects for the EU integration in the new legal framework. Ukraine also has a chance to become a leading country in the EP and, thus, to consolidate the role of regional leader under the auspices of the EU.

However, the only possible way for Ukraine to achieve the prospect of membership in the EU is a successful reforming of all spheres of activity. The Head of the Mission of Ukraine to the European Communities K. Eliseyev noted in early 2011 that official Kyiv is aware that Ukraine's integration into the EU is not just made in Brussels, and its lion's share should be made in Ukraine. "We started to realize that we promised to the EU a few years ago, in particular, passing legislation necessary for the FTA, the Action Plan for liberalization visa regime, participation in the Energy Community" [8].

The EP may be considered as an auxiliary tool, which will facilitate the successful implementation of reforms according to the European norms and standards, creating a comfortable environment for the intensive integration of Ukraine into the EU. The initiative of the EP does not preclude, but rather will bring Ukraine closer to united Europe. The main thing in this case is an individual approach to each country and the political situation within the EU.

At the same time, there are factors that may prevent the implementation of the EP. First of all, there are significant differences in attitudes towards Russia in the EU, and we can state that such a phenomenon as a common eastern policy of the EU does not exist. There is a threat of marginalization of the EP by political forces, according to which the EU should focus on other areas such as North Africa or Russia. There may be the arguments raised in discussions in respect of next budgets that the use of funds for this purpose is a waste at the expense of activity in more priority directions [9, p. 102]. Marginalization may be facilitated by the low degree of the project institutionalization, as the EP program does not have own secretariat or separate structure within the EU system.

The EP still remains the new concept not filled with concrete content and administered under the ENP. The Foreign Ministers of 27+6 countries at the informal meeting of the EP in Sopot in summer 2010 stated the absence of approved multilateral projects under the program, and it was admitted that the work is still based on "cooperation" in the EC report at the Ministerial meeting of EP in Brussels on December 13, 2010 [10, p. 21]. The EP summit in Warsaw, that was held in September 2011, also did not bring any material achievement and decisions.

On the other hand, the position of the so-called "European pragmatists" has enforced during the global financial crisis. They believe that the EU is unable to carry out further expansion, and in relationship with its neighbors should focus on economic and business interests.

Ukrainian diplomats emphasized the rigid position of negotiators representing the EU on FTA, which ignore interests of Ukraine and Ukrainian producers. The EU gradually, steadily, strongly and pragmatically defends its interests and the interests of its member-states. Thus in the negotiations with Ukraine, the EU uses a single approach developed by the EC for almost 20 countries, with which currently the EU is negotiating concerning establishing of the FTA without consideration of specifics of a particular state, namely disregarding the partner status of Ukraine [8].

The EU shows explicit egocentrism in relation to its eastern neighbors and realization of the "Platform of Energy Security" programs of the EP that has nothing to do with a true partnership, as it implies unconcealed disparity between the partners including in terms of responsibility, as the relevant EU bodies are out of control of member-states of the "partnership".

The only noticeable positive feature for the Six countries in the EP are regular meetings of foreign ministers, sometimes presidents, branch ministers and their deputies among each other and with colleagues from 27 countries in the frame of the Initiative. There is a special atmosphere in the course of these meetings that allows at least for a few hours to try thinking in terms of shared destiny, European future, sharing of the experience of solving of common problems with the help of Europe [10, p. 21].

Thus, the EP initiative may become the basis for elaboration of the collective position of the EU towards the Eastern Europe. On the other hand, the EP may be only a political backdrop to create the appearance of a real cooperation with the mentioned six states that will cause weakening of the EU position in the region. While speaking about the prospects of the new external policy initiative of the EU the head of the EC ZH.-M. Barroso declared: "Only with a strong political will and decisiveness from both sides the EP will achieve its objective of political association and economic integration" [11].

Approaching Ukraine to the EU in the areas proposed under the EP depends on the support of the EU in solving the crucial problems of Ukraine primarily in the energy sector. Strengthening the European orientation of the partner countries is possible through their involvement into the strategic projects of the EU aimed at enhancing energy security and diversification of transport routes and energy sources. The support of modernization of the energy transport systems in these countries and introduction of the energy saving technologies will play the same role.

Focus on advancing the European integration projects at the local level which provides for more possibilities today than the national level, is urgent in terms of implementation of the EP. These initiatives include strengthening cross-border cooperation, promotion of joint business associations, attraction of investments in the Ukrainian regions from the neighboring EU member-states and creation of the appropriate conditions in these countries for Ukrainian business.

The EU should not soften the requirements on compliance with the fundamental principles of corresponding governance for the partner countries. The insistence on compliance with these requirements must precede any dialogue with the governments of the EP countries on access to structural funds and European funds. Only under such conditions the EU will be able to remain a moral arbiter in the international relations.

The plans of the EP to attract to financing of the projects of assistance to the Eastern European countries the third countries, especially the USA, Canada and Japan, as well as non-state participants of international relations creating thus a mechanism of synergy, appear to be promising.

The condition of the EP implementation is also the Russian position which determines the EU dialogue with Russia to assure Kremlin that the neighborhood with stable, predictable and democratic countries of the region is advantageous for Russia.

Thus the success of the project of modernization of Ukraine according to the sample of the Central European countries as well as Ukraine's European prospects depend primarily on its progress in promotion democracy and constitutional state, reforms in the social and economic sphere. The EP may be prove to be useful mechanism that would boost political and economic modernization of our country specifically it may serve as the instrument of intensification of relations between Ukraine and the EU in such areas as energy security, development of transport corridors, region security and stability, border and regional cooperation. However, the success of the project of the EP will largely depend on the availability of a common position of the EU member-states on the practical content of the initiative which is the result of a difficult compromise and has to take into account the interests of the partner countries.

Recently debate on the future of the united Europe became more active in the European expert community. Obviously, the EU enlargement to the east will be blocked in the medium term. But Europeans are not interested in getting rid of the European prospects of such countries like Ukraine and Turkey. The idea of creation of a number of "unions" on the European area [12, p. 16-17], or "United European Commonwealth" [13] on the basis of regional cooperation projects spreads in the European theoretical thought. There is the proposal of the group of socialists in the European Parliament to the establishment of the Union for the Black Sea in order to increase the role of Russia and Turkey in the EU external policy projects in support of this trend [14].

The project of "Multi-speed Europe" which consists of three concentric circles: the Euro area, the EU and the third area, which is not defined yet, is being discussed. For example, the new European Economic Community with the participation of Ukraine, Russia and Turkey. The common European market, customs union and labor market, "everything except Euro, external and defense policy" are meant [15]. Summit Europe-10 per sample of G20, which would include Germany, France, Spain, Italy, Poland, UK, EU, Ukraine, Turkey, Russia, is proposed as the political integration.

Search for compromises, retreat from egoistical behavior of the major players on the European continent, taking into account the interests of weaker partners has to become crucial for the consolidation process in Europe. It would mean the accomplishment of negotiations with the conclusion of the FTA as a part of the Agreement on association in relations between Ukraine and the EU. As Ukraine is a kind of pilot project for the EU in its relations with the countries of

Eastern Europe and South Caucasus, the completion of the negotiation process would mean the enhance of effectiveness of the EU eastern policy which would have a stabilizing impact on the situation in the region and on the European continent as a whole.

Organization of the partnership and mutually beneficial relations is a priority for our country's external policy strategy in the triangle EU-Ukraine-Russia in the context of geopolitical and geostrategic potential of Ukraine. Apart from pragmatic considerations for the foreign policy of Ukraine (balancing asymmetry and maximum consideration of own national interests which often can not be achieved at the bilateral level, the EU-Ukraine, Ukraine and Russia), the potential of this format will have far-reaching partnership stabilizing consequences for Europe as a whole, considering the unwillingness of the EU to give Ukraine perspectives of the EU membership and the unwillingness of Ukraine to join the RF integration projects, such as EAEC and Customs Union of Russia-Belarus-Kazakhstan.

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CURRENT CORRUPTION THREAT IN DEVELOPED COUNTRIES

The issue of corruption growth in economic processes is acute in countries with economies in transition. It is believed that corruption is caused by the flaws in democratic systems; respectively it is less significant in the states that have a long history of democratic institutions and civil society development. However, current trends in the intensification of international economic cooperation indicate growing threat of corruption in democratic environments with market economies. Analysis of the current global financial crisis causes and criticism of the modern economic relations institutions formation gave a powerful impulse to increased attention to this issue. Thus, it is necessary to study the internal processes of the developed economies and identify the causes of the corrupt relations pattern in modern society. The ability of civil society as the driving force of anti-corruption initiative to respond to the challenges of global macro-environment is crucial at this point.

Research and publications on the issue: the problem of corruption in developed countries in the context of the global financial crisis was first illustrated by Daniel Kaufmann [1], which shows an inefficient reallocation of resources in conditions of strengthening the role of lobbying in public processes. Robert Reich in his monograph "Supercapitalism" compares instruments of lobby and bribery [2]. Lawrence Lessig treats corruption as "economy of influence" and explores how corruption affects the primary purpose of financing political campaigns in the U.S. as an example and shows how the funding corrupts policy [3]. Lessig gives further development to the idea of Ariana Huffington [4] who explores the problems of middle class in the U.S. and growing disproportions in American society to a dangerous level.

The goal of the paper is to study the behavior of organizations that set the principles of economic policy and forms of their interaction with private agents and brokers based on the generalization of modern course of social institutions development in industrialized countries. Next is to estimate the influence of corrupt relations on the goals of industrialized countries economic policy institutions relative to countries with economies in transition in accordance to the current trends.

It has been a common knowledge that corruption was the problem in developing countries and countries with economies in transition. Justified reasons attracted attention to corruption at the turn of XX-XXI centuries. As corruption is caused by the flaws in democratic system [5], the main problem is inefficient establishment or the lack of civil society. The system of elections in developing countries and economies in transition is closely connected with the necessity of democratic society basis establishment as a function of public control is executed via institutions of public trust. Joseph Stiglitz describes how abuse of power by public officials advances with the development of the democratic society under conditions of information asymmetry that negatively influences distribution function of a government [6]. As the political system is in direct interaction with the economic system, the inefficient organization of relations threatens falling into a corruption trap. This is a dangerous phenomenon where political and economic elites tend

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to refer to cooperation and protect the interests of each other. Those political forces that have better support of the financial capital invested in the election campaign benefit the advantage of the political rivals with modest support. In a society where solely the volume of investment in political campaigns determine the success of the election results social relations are distorted and corruption deeply penetrates in all the social spheres. It is believed that corruption trap is inherent to underdeveloped economies with weak civil society and is observed in the absence of democratic institutions of government control.

However, developed countries have become hostages of established and long-functioning institutions. Development of the system accompanied by the formation of complex and opaque relationships and the dominant position of major political parties created the environment where huge obstacles exist on the way of the ruling elite of the country regeneration. As the power is constantly concentrated in one hand the informal relations between the government and economic elites are likely to happen. The lobbying instruments as they were adopted in the U.S., Britain, Germany and other countries are supposed to be responsible for the private business interests promotion and protection, development of the new economic sectors, operational information distribution and more efficient distribution of welfare. But in current establishment of political parties surrounded by limited economic circles and the hidden nature of the lobbying process the merger is likely to take place between political and economic spheres and today it becomes apparent that a number of high-profile policy was aimed at protecting economic interests of the minority. Robert Reich considers the difference between paying a bribe to Customs officer for permission to import to the country a specimen of banned substances and stimulation of a U.S. senator to repeal legal restrictions on the import of banned substances at the legislative level [2]. Both actions are aimed at achieving a common goal and is difficult to draw the line between bribery and lobbying.

Stagnation of the political systems in developed countries led to the urgent criticism today. The current global financial crisis has exposed a number of flaws and threats of the modern format of market relations and highlighted the possibility of significant abuse of power by distorting the information environment, which creates extremely favorable environment for the development of corrupt relations. So Daniel Kaufmann describes systematic violations and abuses in the U.S. financial markets:

First "Freddie Mac" and "Fannie Mae" achieved satisfactory requirements for risky operations performing through easing of the restrictions on the provisions of these mortgage companies. Millions of dollars were spent on lobbying members of Congress to gain these opportunities [1]. In April 2004 Securities and Exchange Commission U.S. (SEC) allowed Goldman Sachs - the largest investment bank - to assume much larger debt than it was accepted.

At the same time, the London department of AIG engaged in "small" derivatives, managed to hide their accounts by weakened regulatory oversight, which allowed taking excessive risks by issuing synthetic financial instruments - credit default swaps (CDS), which cover eventually caused devastating blow in AIG with its 100.000 employees in 130 countries and accelerated the global financial crisis [1].

The complexity of the checks and balances system made the entire series of events was possible. Although Kaufmann sees the corrupt motives of officials who sanctioned change in the current legislative restrictions of financial activity, but Michael Lewis [7] and Nassim Taleb [8] on the other hand attributed this to the lack of professionalism and irresponsibility. In any case, the system proved ineffective because of high complexity in decision making and its opacity.

Further consequences of the global financial crisis deepened even stronger criticism of modern institutions in the world economy. Institutional analysis of modern instruments of the world

economy reveals a significant distortion in the economic sphere. Lawrence Lessig examines institutional corruption as economy of influence [3]. Under an effective system of economic relations we influence the system in order to obtain certain results. Economic agents assess the expected results and plan their activities. However, there is an additional force, which at the same time affects the system. Thus, the alternative influence results in different from expected results that do not meet the expectations. Corruption is precisely this power and its hidden nature makes it impossible to adequately assess its place in the system.

This distortion of the anti-crisis government policies led to the growth of disparities in industrialized countries. Research conducted by the Organization for Economic Cooperation and Development (OECD) show a tendency to a widening welfare gap over the past 8 years [9].

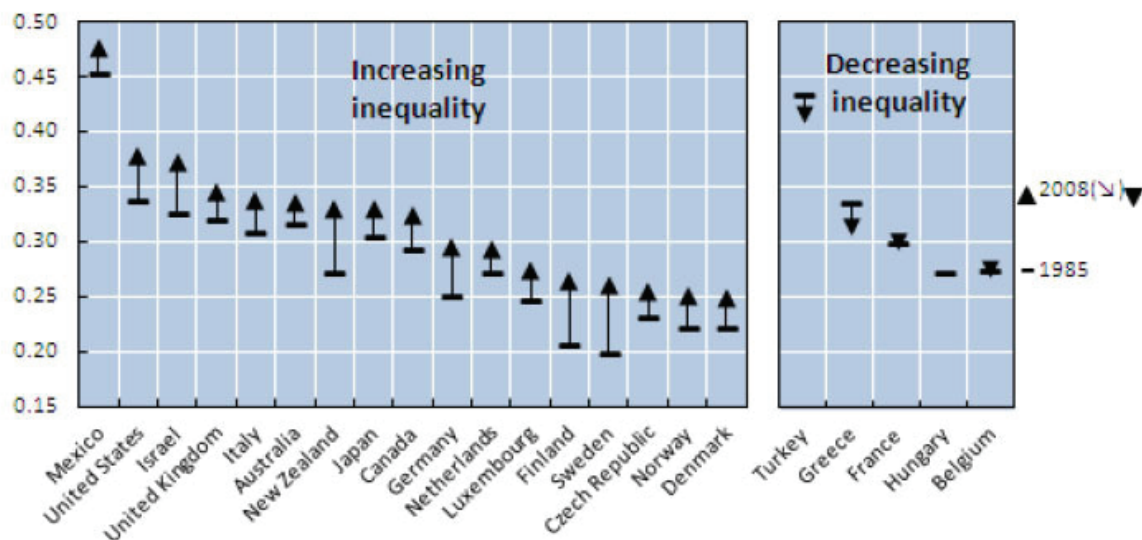


Figure 1. Income inequality increased in most OECD countries. Gini coefficients of income inequality, mid-1980s and late 2000s

Source: OECD Income Distribution and Poverty Database.

The process started back in the pre-crisis period but the consequences of economic policy have felt much more noticeable in recent years. The current growth of profits of the richest Americans and Europeans stands out against a background of the middle class welfare reduction that is perceived highly negatively by the citizens [4]. These trends violate the institute of trust in society and exhaust social capital. Democratic system is built on the basis of social contract as democracy means citizens' associations around common goals. Given the low level of trust the social contract ceases to be implemented and in the absence of effective mechanisms of accountability the very foundation of a democratic system is violated. In economic terms this affects the increase of transaction costs, complexity of business and further escalation of the problem of inefficient allocation of resources in the economy.

The other side of the loss of trust in society is the gap between the government and the electorate. Seeing the fall of the ratings authority is able to go for populist measures harmful for development and economic recovery. The problem is complicated by the absence of constructive interaction with the opposition as can be seen in the U.S. in the debt ceiling debate [10]. Lack of coordinated actions between Republicans and Democrats have put the U.S. under the threat of economic default. The opposition party has put forward conditions to slash spending and restrict the current government's social reforms that can be evaluated as a purposeful attack on the political rating. Thus, the institution of democracy that is supposed to represent the interests of the citizens of the country seemed considerably distorted while influenced by internal instru-

ments of the system. Clearly, further compliance with this system of management and organization of the economic system in turn creates malicious institutes of behavior. When political parties pursue their own goals other than the fulfillment of social obligations to the electorate, then, once again, trust suffers losses. The main threat is the loss of a high level of social capital - the basis of social relations in developed countries. Under such conditions the situation would reflect the behavior in transition economies where lack of accountability in the electoral race pushes representatives of the business elite rather than representatives of public interest. Thus, the developed countries today are threatened by falling in the trap of corruption as it occurs in developing countries.

Corruption in the developed countries in terms of intensification of international business becomes a problem for countries with economies in transition. Since the formation of economic relations is largely triggered by developed countries, the distortions of the economic relations institutions will influence overall system of international business thus cause uncomfortable and inefficient distribution of wealth in international economy, the subsequent inefficient allocation of resources and poor economic performance. In addition, the establishment of institutions of economic activity and government regulation in developing countries and economies in transition require a model relationship of developed countries thus repeating the system corrupt patterns.

The threat of corruption in developed countries during the global financial crisis is becoming more urgent under causes of a general slump of the world economy. The problem of distortion of existing institutions engaged in economic relations regulation through corrupt influences result in a number of negative consequences: resources and economic performance are distributed asymmetrically and inefficiently, respectively, capital can not recover quickly enough. Redoubling economic imbalances caused by inefficient distribution of wealth in society undermine the foundations of trust and exhaust social capital, which in turn increase the cost of doing business. Under conditions of international cooperation intensification in the economic sphere corrupt relations penetrate the economic environment. This poses a threat for institutions regulating economic activity in developing countries and economies in transition as corruption is likely to take root at the initial level of these institutions. Increased attention to the corruption scandals in developed countries creates extremely negative impact on developing countries as the developed countries provide a benchmark measure of development and evaluation of economic reforms.

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INTERGOVERNMENTAL ORGANIZATIONS AS A FOREIGN POLICY INSTRUMENT OF PARTIALLY RECOGNIZED STATES: THE CASES OF TAIWAN AND PALESTINE

The position of partially recognized states within the post-bipolar system of international relations greatly depends on dialectical bunch of actors' international recognition combined with their potential for international influence.

Diplomatic recognition remains a core element of international relations wherein political leaders and governments seeking its reaffirmation as the representatives of independent and sovereign states. Thereby diplomatic recognition is a reflection of state sovereignty.

Other core element is the power of international influence, which can be employed by states to promote their own interests in relations with other states. The potential of international influence can be understood as a set of resources available to the state to provide direct and indirect, military, political, diplomatic, economic, financial, technological, cultural, informational impacts on other countries and international environment as a whole for their own purposes and interests. Contemporary quasi-states as well as partially recognized states with typically little political influence are the major players that have to choose different ways and modes of relations for acquiring international recognition.

In the proposed article, the authors raise the question of membership in intergovernmental organizations as a key foreign policy instrument of partially recognized states (here, Taiwan and Palestine) for achievement of international recognition and state sovereignty. To clarify the significance of intergovernmental organizations for the abovementioned states' foreign policy and strategies the authors will apply to the functionalism/neo-functionalism and realism/ intergovernmentalism as the basic paradigms of international relations that explain the contemporary place and role of intergovernmental organizations.

The main thesis of functionalism and, later, neo-functionalism is a statement on the crisis of a state as an institution, as well as need of establishment the alternative to state social and political institutions that are able to solve the pressing problems of individuals and mankind as a whole. Thus, establishment of new transnational or supranational institutions should promote the deep integration of states and in this way help them to solve common economic, social, scientific and technical problems.

Functionalist theory argues that: "states will be propelled to join IGOs because popular pressures to increase living standards will lead their governments to engage in international collaboration to take advantage of the opportunities that technology offers to respond constructively to these pressures." IGOs are not just functional in that they help the international community more efficiently and effectively carry out a task, but they can be effective in elevating certain entities on the world stage, and giving a voice to those that are silenced [1].

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Realism/intergovernmentalism is an alternative paradigm of international relations, which recognizes sovereign state as a key actor in international system. Intergovernmentalism considers states as rationally acting political organisms, unitary entities that carrying out a common policy in relation to other participants of international relations. Accordingly, only sovereign states, namely, their governments have legitimate reasons and have the necessary resources to conclude international treaties, declare war and other actions that define the essence of international politics.

Intergovernmentalism claims that intergovernmental organizations acting as an instrument of states' foreign policy, are the possible means of their foreign policy goals and objectives. Intergovernmentalism considers states as the only real actors of international life. The latter, acting in their surrounding environment, characterized by anarchy, based solely on their own interests and try to increase their power and safety compared with other states. In this sense, intergovernmental organizations are important in so far as opening the possibility for states to protect their interests. Directly from the perspective of neo-realism came intergovernmental organizations acting as an operational tool of foreign policy, institutions that reflect the distribution of power in the international system [2]. This means that intergovernmental organizations have no personal influence on international politics. Instead, they are created by powerful states in order to maintain or even increase their capacity and influence within the international system.

The case of Taiwan

The expression of Taiwanese functional approach can be seen through the policy of internationalism. Initially internationalism was understood as simply general effort to intensify international relations in the cultural and economic, as well as the political sphere [3]. Nowadays internationalism defined as policy based on engagement with international society and a recognition of ethical obligation to vulnerable 'others' [4]. Internationalism in its various forms – political, economic, military, and developmental – holds promise for long-term collective interests as opposed to atomistic short term gains. At its core is a set of ideas and values that make up a peaceful vision of the world and a more favourable standard of living.

Generally states can use foreign policy strategies to promote internationalism in many ways. These may include peacekeeping, international law and agreements, and foreign aid. In this connection Taiwan as a partially recognized state focuses mainly on the second trend which directly expressed in its participation in multilateral intergovernmental and non-governmental institutions, especially organizations.

Neo-functional paradigm that explains the participation of Taiwan in international organizations is particularly relevant because it reflects a spillover effect from economic to political involvement and vice versa. Proof of this is the belief of the Taiwanese authorities that membership in the global socio-economic and technical specialized UN agencies form the basis for membership in the UN. At the same time future membership in the UN will allow Taiwan to expand its presence in the regional integration communities. For example, the Taiwanese authorities believe that membership in the Olympic Committee, the WTO and APEC has already provided important platforms that have enhanced Taiwan's international participation, and they should be leveraged to facilitate entry into other international organizations, particularly the United Nations and the World Health Organization, by strengthening bilateral relationships with members of those organizations in which Taiwan already has membership, and by emphasizing economic rather than political issues.

At the same time Taiwanese membership in some universal economic organizations such as the WTO explains several diplomatic purposes: it is a demonstration of Taiwan's desperately needed "connection with the international community", recognition of economic mandates in diplomacy, and an attempt to bring cross-Strait economic interactions under international scrutiny [5]. In 2004, Taiwan also became an ad hoc observer on the OECD Trade Committee, which Taipei sees as a major step in fostering economic and trade relations with the developed nations.

The second main feature that describes functional approach to the international relations is appeal to universal pluralism and democracy. This shows the functional and operational importance of new institutions especially civil society and its non-governmental organizations. The shift to NGOs and human rights regimes in Taiwan's external relations illuminates both Taiwan's democratic progress and Taiwan's appeals to the global community that the island is one of the world's "good states" and thus deserves to play a role in international governance.

Simultaneously, unable to join most intergovernmental organizations, Taiwan has created its own. In August 2005, Taiwan inaugurated the Democratic Pacific Union (DPU), a non-governmental organization dedicated to consolidating democratic values, fostering economic development, and protecting the security of Pacific countries. The objectives of the DPU are to safeguard human rights, democracy, and the rule of law; ensure peaceful resolution of regional disputes; promote maritime culture and sustainable development in the Pacific; and encourage the development of cooperation in industry, trade, and technology among member states [6].

The second trend of Taiwan's participation in the intergovernmental organizations is connected with the intergovernmental paradigm. A key component of intergovernmental paradigm for Taipei is its information and communicative function that can provide inter-state dialogue and cooperation. Its essence is the ability of intergovernmental organizations to use as a meeting of governments for discussion and expression of dissent. In this sense, intergovernmental organizations acting as multilateral forums - namely, international congresses and conferences, where governments are going to discuss common problems and tasks, and take joint decisions to solve them. Forums are neutral institutions. They can be used by states as a podium to promote their ideas and positions (eg, Annual Session of the UN General Assembly), increasing the number of supporters with an issue, expanding the diplomatic support of any initiative, and reducing tensions between the parties. Today Taiwan as unable to independently use the UN's podium, enjoys the authority and position of friendly states which within the General Assembly's sessions express their support to restoration Taiwan's UN membership.

For Taiwan, intergovernmental paradigm is also connected with the question of security. Security in turn means stabilization of cross-strait relations. Stabilization can take an institutionalized form. Institutionalization implies mutual acceptance of certain basic principles, norms, and practices; establishment of organizations to manage affairs on a regular basis; mechanisms to address problems; a certain insulation from politics; and, therefore, greater predictability. In this matter Taiwan welcomes international organizations in the role of a balancer, stabilizer, and crisis-prevention actor in Taipei-Beijing military relations. Membership of Taiwan in the UN would bring peace and make East Asia status steadier. At the same time the UN membership open the possibility for Taiwan to participate in other international organization – the WHO and ASEAN.

The security reason is also explained by the ROC's intention to gain medical assistance from the WHO as well as prevention of pandemic catastrophes. For example in 1999, when Taiwan had a devastating earthquake that killed 2400 and injured 10,000, no WHO assistance was provided [7]. This was actually the event that galvanized the country to pursue membership in the WHO actively.

The case of Palestine

Unlike in the case of Taiwan, Palestine's way to membership in international organizations has been complicated by a foreign occupation of the Palestinian territory. Creation of an Arab state, along with a Jewish one, was provided for in 1947 when the United Nations General Assembly adopted its resolution 181. The resolution presumed that the two states would erupt in the "historic" Palestine which at that time was under the British mandate.

As a result of the first Arab-Israeli war of 1948-1949 the Palestinian territories, the Gaza Strip and the West Bank, were incorporated by Egypt and Jordan, respectively. Further important developments took place in 1967 when the Palestinian territories, inter alia, were occupied by Israel as a result of a 6-Day War. Since then the Palestinian people and its organizations has been seeking its territory, statehood, sovereignty and international recognition.

The first meaningful attempt was made in 1988 when the Palestinian National Council of the Palestine's Liberation Organization proclaimed Declaration of Independence of the State of Palestine. This was done in Algiers, since the PLO had been in exile. The Declaration held that the Palestinian independence was based on a set of internationally legal decisions of heads of Arab states and the UN resolutions, namely the above-mentioned UN GA Resolution 181, and post-1967 UN Security Council Resolutions 242 and 338. Referring to these documents also could be regarded as an indirect recognition of the State of Israel by the PLO.

As G.Kosach writes, the Declaration of Independence marked a shift in the vision of the Palestinian territory as compared to Palestine's National Charter (PNC) as adopted by PLO in 1968. The Declaration regarded Palestinian territories as such were the Palestinian Intifada (uprising) was taking place, thus limiting the future borders of Palestine to the Gaza Strip and the West Bank (as opposed to historic Palestine in the PNC). This was also an indirect recognition of Israel in its pre-1967 borders [8].

Such shifts in PLO's policy (recognition of Israel in its pre-1967 borders), Kosach says, shall be considered in view of the Palestinian politics. The PLO was not the only Palestinian political organization seeking representation of the Palestinian people. Moreover, being in exile for a prolonged period, PLO was interested in recovering support from the muwatenu (citizens, or those who lived in the Territories). Still, compared to other parties and organizations of Palestinians in the Territories and abroad, the PLO was the most recognized at the international level as the one which represented the Palestinian people. So, enjoying the international legacy, the PLO and its leader Yasser Arafat were seeking also the national acceptance and cooperation with local Palestinian elites after years in exile [9].

In its efforts to strengthen positions in the Territories, the PLO sought membership in various international organizations. For example, in May 1989 the PLO applied for membership in the World Health Organization (WHO), but it deferred its application after the US Government threatened to withhold its dues to the Organization. Anyway, the PLO declared its plans to seek membership also in such UN agencies as the Food and Agriculture Organization (FAO), the International Labour Organization (ILO), the International Telecommunication Union (ITU) and UNESCO [10].

The Peace Process, commenced in 1991 with the Madrid Conference and followed by agreements between the Palestinian and Israeli parties (Oslo Accords), asserted the PLO as a political organization representing the Palestinian people. Presidential and parliamentary elections in the Palestinian territories in 1996 confirmed the domination of Yasser Arafat and its FATH (a core political force in the PLO) in the Palestinian politics.

The Declaration of Independence, nevertheless, had an immediate result as regards the status of Palestinian national representation (changed to "State of Palestine") in such international

organizations as League of Arab States and the Organisation of the Islamic Conference, in which it was previously represented by the PLO. After 1988 Palestine achieved recognition as a member state only in 2011 (in the UNESCO), on which we shall elaborate later on.

Before start of the Peace Process and establishment of the PNA, the PLO also succeeded in joining the United Nations Economic and Social Commission for Western Asia as a member (1977). Creation of the PNA and wide international recognition of the Palestinian authorities boosted Palestinian membership in international organizations of which we may name the International Organization for Standardization (admitted in 2004), the International Federation of Red Cross and Red Crescent Societies (2006), the Union for the Mediterranean (2008), the Asian Parliamentary Assembly, Inter-Parliamentary Union, the Non-Aligned Movement, Group of 77, the International Trade Union Confederation and Airports Council International.

As an observer, Palestine enjoys presence in such international organizations as the UN (since 1974), the WHO (1998), the World Tourism Organization (1999), the Universal Postal Union (2008), the ITU, the World Intellectual Property Organization (WIPO) and the Energy Charter Conference (2008).

Without any doubts, the most important international organization membership for the Palestinian authorities is the one in the United Nations and its agencies.

In May 2011 Palestinian President Mahmoud Abbas informed that the PNA would request recognition of the State of Palestine and admission as a full member of the United Nations. The Palestinian President mentioned, that such a move is dictated by a stalemate in the negotiations with Israel towards the settlement of the conflict. In explaining the motivation for such a step the president said that this would pave the way for the internationalization of the Arab-Israeli conflict as a legal matter, as well as allow Palestine to “pursue claims against Israel at the United Nations, human rights treaty bodies and the International Court of Justice” [11].

As we can see, Palestine’s aspiration to get the UN membership reflects a realistic approach of the Palestinian authorities to this organization. It is seen as a move to activate the frozen peace process by means of achieving an internationally recognized statehood and therefore, acquiring legal leverages to influence Israel’s policies in the Occupied Territories.

The Palestinian application was formally done on September 23 2011 [12]. The UN membership procedure implies an application to the Security Council which shall support it with a nine-yes and no-veto vote. The SC recommendation is then sent to the General Assembly which shall admit a new member with a two-third majority vote [13].

But the Palestinian application has not achieved immediate support, due to well-known US opposition to this question [14]. Nevertheless, later the year 2011 Palestine achieved membership at a UN agency UNESCO.

Acquiring membership in UNESCO gives way to Palestine to become member of a list of other UN agencies. Existing reciprocity agreements of UNESCO with other UN agencies stipulate automatic membership of a new member in those agencies among which are World Intellectual Property Organisation, the UN Conference on Trade and Development (UNCTAD) and the UN Industrial Development Organisation (UNIDO).

The Palestinian application to UNESCO membership was supported by 107 states [15]. Such a wide international support makes it probable that the Palestinian authorities may also acquire membership in other important UN agencies, namely the International Atomic Energy Agency (IAEA), the International Telecommunications Union (ITU) and the International Civil Aviation Organization (ICAO).

The Palestinian case shows that a partially recognized state cannot employ purely a declarative or constitutive approach to its statehood and sovereignty. The Declaration of Independ-

ence of 1988 was an important milestone but was not sufficient to establish an internationally recognized political entity. Similarly, wide diplomatic recognition of the State of Palestine by more than 120 member states of the UN is not empowering the Palestinian State to act as such on its territory ignoring the Israeli military presence in the Occupied Territories. The PNA seeks a wide membership in international organizations for strengthening its recognition by other states and establishing statehood status. But the most important is a membership at the UN which would allow using various mechanisms of the international system to achieve realist goals of the Palestinian states in its relations with Israel.

Conclusion

The cases of Taiwan and Palestine in their policies towards acquiring membership in inter-governmental organizations provide us several important implications as to how we can analyze a policy of a partially recognized state. Both actors seek membership in the UN, although from different perspectives. For Taiwan, which employs a functional approach to the issue of membership in international organizations, a UN membership would allow boosting of further regional economic integration in East Asia. Palestine, on the other hand, perceives membership in the UN in realistic terms to gain legal leverages in its conflict with Israel. Also, both actors seek membership in the UN agencies and other international organizations. Again, Taiwan here is more functionally motivated (as with getting aid from the WHO), while the Palestine is more pre-occupied with widening of international recognition of its statehood and diplomatic representation in the world.

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**АКТУАЛЬНІ ПРОБЛЕМИ
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