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EUROPEAN UNION MARKET
AS A BUSINESS ENVIRONMENT

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АНОТАЦІЯ

Королевич В. Ринок Європейського Союзу як середовище для бізнесу.

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Спільний ринок є однією з форм міжнародної економічної інтеграції, що передбачає вільне переміщення (торгівлю) між державами, які його заснували, товарів, послуг і факторів виробництва. Маючи відносини з ЄС у форматі вільної торгівлі сьогодні, Україна з набуттям членства у цій організації стане частиною спільного ринку ЄС, що робить його цікавим і важливим об'єктом дослідження.

Підвалини єдиного ринку ЄС формують чотири принципи: вільний рух товарів, осіб, послуг і капіталу в межах Союзу. Саме завдяки забезпеченню виконання цих свобод стали можливими значні успіхи єдиного ринку. Серед них найбільш помітними є додаткове економічне зростання, зростання стандартів життя населення і зайнятості, поліпшення можливостей ведення бізнесу, підвищення конкурентоздатності та інвестиційної привабливості економіки.

Повномасштабна агресія РФ в Україні, як не дивно, створила кращі передумови для присутності українського бізнесу на ринку ЄС та зміцнення торгово-економічних зв'язків між Україною та ЄС. Причинами цього стало скасування Євросоюзом низки обмежень, дозволених до застосування Угодою про асоціацію, та надання нашій державі доступу до цілого спектру програм та секторальних ринків ЄС з метою підтримки України у її протистоянні російському агресору. Нашій державі і бізнесу надано низку «безвізів», таких як економічний, транспортний, митний, енергетичний, цифровий. Політичний контекст зміцненню ділових відносин між Україною та ЄС створили Угода про асоціацію, надання Україні статусу країни-кандидата, початок переговорів про вступ до ЄС, надання Євросоюзом Україні макрофінансової, технічної, військової та інших видів підтримки.

Ключові слова: ринок, ЄС, Україна, бізнес, чотири свободи, товар, торгівля, послуга, капітал, робоча сила.

ABSTRACT

Korolevich, V. The European Union Market as a Business Environment.

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The common market is one of the forms of international economic integration, which provides for the free movement (trade) between the states that established it, of goods, services and factors of production. Having established free trade area with the EU today Ukraine in the future will become part of the EU common market, which makes it an interesting and important object of study.

The foundations of the EU's single market are formed by four principles: the free movement of goods, persons, services and capital within the Union. It is by ensuring the fulfillment of these freedoms that significant gains in the single market have been possible. Among them, the most notable are additional economic growth, growth of living standards and employment, improvement of business opportunities, increase in competitiveness and investment attractiveness of the economy.

The full-scale aggression of the Russian Federation in Ukraine, oddly enough, has created the best prerequisites for the presence of Ukrainian business in the EU market and the strengthening of trade and economic ties between Ukraine and the EU. The reasons for this were the abolition by the EU of a number of restrictions allowed for application by the Association Agreement, and providing our country with access to a whole range of EU programs and sectoral markets in order to support Ukraine in its confrontation with the Russian aggressor. Our state and business have been granted economic, transport, customs, energy, and digital «visa-free regimes». The political context for strengthening business relations was created by the Association Agreement, granting Ukraine the status of a candidate country, the start of negotiations on joining the EU, the provision of macro-financial, technical, military support by the EU to Ukraine.

Keywords: market, EU, Ukraine, business, four freedoms, commodity, trade, service, capital, workforce.

CONTENT

INTRODUCTION	5
SECTION I. THEORETICAL AND METHODOLOGICAL	
FOUNDATIONS OF MARKET STRUCTURES RESEARCH	8
1.1. Concept, structure, conditions and functions of the market	8
1.2. The common market as a form of international economic integration	11
1.3. Stages of formation of the common market (on the example of the EU)	15
SECTION II. ORGANIZATIONAL MECHANISMS FOR THE	
FUNCTIONING OF THE EU COMMON MARKET	20
2.1. Basic freedoms of the EU single market and mechanisms of their enforcement	20
2.2. Competition rules in the EU market	26
2.3. Standardization of products in the EU	30
SECTION III. THE CURRENT STATE OF THE EU MARKET AND THE	
PROSPECTS OF THE PRESENCE OF UKRAINIAN BUSINESS IN IT	36
3.1. Achievements and problems of functioning of the EU market at the present stage of its development	36
3.2. Integration of Ukraine into the EU common market	40
3.3. Prospects for doing business in the EU market for Ukrainian enterprises	45
CONCLUSIONS	49
LIST OF REFERENCES	52

INTRODUCTION

In the structure of the modern system of the world economy, the importance, role and number of international unions is growing every year. The European Union (EU) is a unique international entity that develops economic integration not only in Europe, but also with other countries of the world.

Knowledge of the features and strategies of the EU's development as a classic example and the most dynamic international union makes it possible to draw conclusions about the trends in the development of the entire world economic system and international economic relations. The main economic goal of the creation of the EU was the formation of a common (single) European internal market, the features of which are studied in this work. The creation of such a market was supposed to ensure the free movement of goods, persons, services and capital and create the necessary prerequisites for the unimpeded conduct of business by EU residents on the territory of all member states.

The relevance of the proposed topic lies in the need to consider and analyze the formation of the EU internal market for the effective implementation of the reform of the Ukrainian economic, political and legal system and a deep rethinking of international integration processes and the specifics of the implementation of modern economic reforms. Therefore, the problems of formation and development of the EU common market are of great interest in the context of Ukraine's further integration into European structures.

The object of the research is: the common (single, internal) market of the European Union.

The subject of the research: features of formation, mechanisms of functioning, current state and prospects for the development of the EU common market as an environment for doing business.

The purpose of the study is to analyze the processes of formation, functioning and prospects for the development of the common market of the EU as an environment for doing business for Ukrainian companies.

Objectives of the study:

- 1) to analyze approaches to defining the categories of "market", "common market", "EU internal market";
- 2) to reveal the functions and structure of the market;
- 3) to determine the main stages of the formation of the EU internal market;
- 4) to study the peculiarities of organization of the EU market;
- 5) to identify the main areas of regulation of the EU single market;
- 6) to highlight the achievements and problems of the development of the EU internal market at the present stage;
- 7) to analyze the prospects for Ukraine's integration into the EU common market.

Research methods: content analysis of economic, historical, political, scientific and legal literature; comparative analysis of market categories, of four freedoms of the EU single market, of strengths and weaknesses of the EU single market; empirical research methods: description of the formation and development of the EU internal market; comparison of statistical data; generalization of already known approaches to solving the problems under study.

The study is based on the works by Ukrainian and foreign experts, namely: Shnyrkov O., Filipenko A., Fedonyuk S., Hrytsyak I., Boiar A., Naku A., Matiysen P., Kuznetsova O., Eckhout P., Dillon S., Moussis N. etc. In addition, statistical and information materials from the websites of the European Commission and other EU institutions were used in the work.

Practical significance of the study. The results of the study can be used in teaching academic disciplines of the Department of International Economic Relations and Project Management of Lesya Ukrainka Volyn National University and in writing term papers and diploma papers by students of the Faculty of International Relations.

Approbation of research results. The results of the study were presented and published in proceedings of two conferences:

1. Bondar, V. Accounting and Taxation of Individual Entrepreneurs: Genesis and Modernity // Modern Trends in the Development of Accounting, Analysis,

Control, Audit and Taxation: Proceedings of Scientific-Practical Internet-Conference (December 03, 2021). Lutsk: Lesya Ukrainka Volyn National University, 2021. 163 p. URL: <http://surl.li/tpzyi>;

2. Boyar, A. O., Kyrychuk, V. V., and Korolevich, V. I. "Rozvytok yedynnoho vnutrinnoho rynku Evropeyskoho Soyuz" [Development of the Unified Internal Market of the European Union]. Materials of reports of the participants of the All-Ukrainian Scientific and Practical Conference (November 16-17, 2023). Ed. L. M. Gorbach. Lutsk: Volyn Institute named after Vyacheslav Lypynsky, PJSC "Higher Educational Institution "IAPM", 2023. pp. 170–173. URL: <http://surl.li/nlyzf>.

Structure and scope of the work: the thesis consists of an introduction, three chapters, conclusions and a list of references.

CHAPTER 1

THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF MARKET STRUCTURES RESEARCH

1.1. Concept, structure, conditions and functions of the market

The market is a system of economic relations formed between producers and consumers of goods and services. The basic elements of the market are the consumer and the producer as subjects of market relations. In addition, such subjects are: the state, enterprises of various forms of ownership, joint ventures, etc. [20, p. 159].

A consumer is an economic entity that forms a demand for a certain product or service in order to meet its needs. A producer is an economic entity that satisfies demand by producing and delivering the necessary goods and services to the market. The distinction between the producer and the consumer is rather conditional: one and the same subject can be a consumer in one case, and a producer in the other [42, p. 30].

The objects of market relations are products, labor, securities, scientific ideas, services, currency, etc. Accordingly, the following types of markets are distinguished: 1) market of consumer goods and services; 2) capital market; 3) labor market; 4) natural resources market; 5) securities market; 6) intellectual property market; 7) information market; 8) foreign exchange market.

The main categories of the market are demand, supply, price, competition. *Demand* is the need for certain economic goods supported by purchasing power. The main factor in the change in demand for a particular product is the price of that product. In addition, there are non-price factors of demand: consumer income; consumer tastes; price of related products; consumers' expectations; number of consumers; quality of the product; the situation on the world market, etc. [42, c. 46, 50].

The product is produced and offered to the consumer by the manufacturer. The set of goods and services offered by the producer to the market constitutes *the supply*. The supply shows the relationship between the price and the quantity of goods offered to the market. In addition to price, the following non-price factors affect changes in

supply: changes in resource prices; introduction of advanced technology; changes in the amount of taxes and subsidies; prices for other goods; producers' expectations regarding price changes, inflation, etc.; change in the number of manufacturers and suppliers of goods [42, p. 51].

The amount of supply also depends on the level of competition in the industry. If the quantity of goods that exceeds demand is brought to the market, then producers begin to compete for buyers, and prices fall [43, p. 54].

The interaction of supply and demand marked the beginning of market relations. In the process of this interaction, a compromise is reached in the form of the market price of the commodity at which it is bought and sold.

There are several *essential conditions for market activity* [21, p. 50; 42, pp. 31–33]. Firstly, *economic freedom*, which is understood as the freedom of economic entities to choose resources, types and methods of economic activity, goods and services. One of the main forms of ensuring economic freedom is the right to property. But economic freedom does not mean the absolute arbitrariness of an individual, but is realized through the establishment of uniform rules that prevent arbitrariness, discrimination or violence of some people against others.

Secondly, a necessary condition of the market is *the competition* of economic entities, which means the competition of producers and consumers for the most favorable conditions for the realization of their interests. In a market economy, there are the following types of competition [20, p. 165]:

- 1) price competition (the main method of struggle against competitors is price);
- 2) non-price competition (includes the following methods: the use of advertising, improving the quality of products, improving the conditions for selling goods);
- 3) unfair competition (carried out in various ways: misinformation about the quality and grade of goods, use of a trademark without the permission of a business entity).

Thirdly, the market condition is *free pricing*, which acts as a basic coordinating mechanism. The prices that arise from transactions between buyers and sellers coordinate the actions of millions of people, each of whom pursues his own goals.

If all these conditions are met, society receives the main desired result of the economic system – a sufficient amount of goods necessary for consumers is produced at accepted prices.

The scale of the market is determined by both its geographical and assortment boundaries.

Achieving this goal, the market performs the following *functions* [42, p. 42]:

- 1) integrating: consists in "bringing together" isolated decisions of agreed economic entities, choosing those that lead to the achievement of the goal in the most effective ways and rejecting ineffective ones;
- 2) informational: provides identification of the needs of society and individuals, as well as the degree of correspondence between needs and the volume and structure of production;
- 3) regulatory: provides for the determination of the structure of production through the distribution and redistribution of resources in accordance with effective demand;
- 4) stimulating: aims to search for the highest efficiency by reducing costs, introducing new technologies.

Ideally, the market performs all these functions automatically, without any outside interference. However, in practice, some significant *shortcomings of the market system* and internal restrictions are constantly manifested, which do not allow to fully independently perform these tasks [21, p. 52].

First of all, the controlling and coordinating mechanism of competition tends to a high concentration of capital and resources, as well as governing power, as a result of which the antipode of competition – *monopoly* – arises. This concentration of economic power leads to a decrease in efficiency and undermines the market system's ability to self-regulate.

In addition, the market system is more focused on individual interests and values and much less responsive to collective and societal needs. Public transport, social infrastructure of society, environmental programs, basic science, national security – these important social needs do not seem to be a priority from the point of view of each individual consumer.

Finally, a market mechanism based on free competition is incapable of ensuring full employment and a stable price level.

Despite this, the market system today is considered to be the best form of organization of the economic life of society. The administrative-command form of management has not historically proven its suitability, although to a greater or lesser extent it continues to be practiced by some countries of the world. The market system is the most widespread in the world. However, for its effective functioning, it must be provided and coordinated by the state, that is, it must be regulated.

1.2. The Common Market as a form of international economic integration

International economic integration is a process of economic and political unification of countries on the basis of the development of deep stable relationships and division of labor between national economies, the interaction of their production structures at different levels and in different forms.

International economic integration means cooperation between the national economies of different countries with their partial or complete unification, the elimination of barriers to trade between countries, the convergence of the markets of each country in order to create one larger, i.e. common, market.

It is generally accepted that there are five forms of international economic integration: free trade area (FTA), customs union, common market, economic union, and full economic integration (Figure 1.1).

A free trade area is a preferential zone of a regional type, within which international trade of the countries included in such a zone is maintained free from customs and quantitative restrictions. Free trade zones contribute to the growth of

internal and, on this basis, mutual trade of member countries. A free trade area means a group of two or more customs territories in which duties and other restrictive trade rules (other than those permitted by the GATT) are waived for virtually all trade in goods originating from such territories. It is the most common form of international economic integration. A customs union is a common customs territory of two or more countries with the complete elimination of duties in mutual relations and with a single customs tariff in relation to third countries. The purpose of the customs union is to facilitate the trade of the participating countries and, at the same time, not to create additional obstacles to trade with third countries.

Basic feature					
Integration Form	Reduction (abolition) of duties and quantitative restrictions	Introduction of a common external customs tariff	Ensuring the free movement of factors of production	Formation of a mechanism for coordination and unification of various spheres of national economic policies	Transfer of all national powers in the economic and other spheres to supranational authorities
Preferential (free) trade area					
Customs Union					
Single Market					
Economic Union					
Full economic integration					

Figure 1.1. Forms of international economic integration *

* Source: [2, p. 13].

The WTO is very careful to monitor compliance with this provision among its members. Within the framework of the GATT-WTO, a customs union is understood as the replacement of one customs territory by two or more customs territories, (1) duties and other restrictive trade rules (other than those permitted by the GATT) shall be abolished in respect of substantially all trade between the territories constituting the Union, or at least in respect of substantially all trade in goods originating in such territories, and (2) subject to the provisions of paragraph 9 of the GATT, each member

shall apply substantially the same duties and other rules of trade to trade with the territories, that are not members of the Union [40].

A common market is a combination of national markets of several countries into a single large market with free movement of capital, goods, services and labor within its borders. An economic union is an association of national economies of several countries on the basis of a customs union, a common market, unification of financial systems and a common monetary policy. Full economic integration is the highest degree of economic integration and consists in the fact that virtually all national powers in the economic sphere are transferred to supranational institutions, which are transformed into supranational authorities. In fact, in the case of full economic integration, we can talk about the loss of national sovereignty of the member states and the formation of a single federal state [2, p. 17].

The allocated forms of international economic integration are closely interrelated and quite often combine the features of several (often adjacent) forms.

The EU Single Market was established on the basis of the Treaty of Rome. According to the provisions of the Treaty, the common market was to be established gradually in three stages, over 12 years, i.e. by the end of 1969. Opportunities for free trade within the Community have been created only in the field of free movement of goods. The process of elimination of customs restrictions in domestic trade and the introduction of a single customs tariff was completed in July 1968, which meant the creation of a free trade zone and a customs union [12, p. 78].

The prerequisites for the transition to a common market are created by a customs union, since it eliminates customs taxes between member states and develops a common trade policy towards third countries. However, this alone is not enough to create a common market, since several other extremely important tasks need to be solved, namely:

- to develop a common policy for the development of individual industries and sectors of the economy (the choice of a specific industry or sector depends on how important it is for the future consolidation of integration, in the European

Union, during the transition to a common market, agriculture and transport were recognized as priority areas);

- to create conditions for the free movement of capital, labor, services and information (which will complement the free movement of goods);
- to form joint funds for the promotion of social and regional development.

In order to ensure the freedom of movement of goods, persons, services and capital, both direct and indirect discrimination is inadmissible. To date, the Court not only condemns any (direct or indirect) discrimination, but also goes further, declaring that non-discriminatory restrictions contradict the Lisbon Treaty in terms of regulating the freedoms of the internal market [24, p. 18].

Closely related to the principle of non-discrimination is the principle of mutual recognition (or the principle of reciprocity). Some authors consider it as a constituent element of non-discrimination. This principle was first formulated in Case 120/78, known as *Cassis de Dijon* [26], in the context of the free movement of goods. The principle of mutual recognition is that if a product is lawfully manufactured and placed on the market in one Member State, it must be admitted to the market of any other Member State, even if it does not meet its technical or other requirements. The admission of such goods to the market may be restricted only on the grounds laid down in Article 36 TFEU [6], as well as in accordance with the mandatory requirements for the protection of vital public interests. This principle is the fundamental principle of Directive 2006/123/EC of 12.12.2006 "On services in the internal market" [9].

The next principle is conventionally called the "principle of free access to the market". It is reflected in the Court's case-law in the *Gebhard* case, which concerns freedom of constituent activity, i.e. the application of Article 49 TFEU. The advantages of the principle of "free access to the market" are that it goes further in terms of building the internal market, eliminating any unlawful restrictions on trade. At the same time, this principle represents a deeper intrusion into the internal competence of states to regulate certain relations than is permissible on the basis of communitarian law [25, p. 37].

The practical application of the freedom of movement of goods, persons, services and capital inevitably leads to competition between different national legal systems, since private individuals who are dissatisfied with the political, legal or social environment in which they find themselves may move to another state where the conditions are more acceptable to them. This encourages national authorities to develop more advanced, attractive models of legal regulation of the relevant relations. This phenomenon is known as "competing federalism" or "regulatory competition."

Thus, the principles of non-discrimination, free access to the market, as well as the concept of "competing federalism" in their relationship were the basis of the decentralized model of the internal market and are now actively applied in the practice of the Court of Justice of the EU.

The centralized model, in turn, proposes to establish at the level of central government the same set of rules that should be applied to a wide range of relations. At the same time, the main tools of development are the harmonization and unification of the law of the member states. This model raises a number of problems. The legal problem lies in the lack of sufficient competence of the central authority to act in this way, taking into account the fundamental principles of European law: subsidiarity and proportionality. The practical problem is to develop uniform standards on the basis of the most common approach in the practice of the Member States or on the basis of the most modern, progressive approaches.

1.3. Stages of formation of the common market

The formation of the European internal market began in the second half of the 1950s from the desire of Western European states to restore their former position in the world and make the first attempts at economic integration.

The first stage of the formation of the European internal market is characterized by the signing in 1951 of the Treaty on the European Coal and Steel Community (ECSC) on the basis of the plan of the Minister of Foreign Affairs of France R. Schuman on the transfer of the coal mining and metallurgical industries of France

and Germany under joint supranational management within the framework of an organization open to the participation of other European countries. The formation of the ECSC as the first sectoral community became the basis for further integration processes and the first step towards the creation of a European Communities. The founding states of the ECSC were Belgium and the Netherlands, Luxembourg, France, Germany, Italy. The ECSC has created an infrastructure for the spread of integration to other sectors of the economy, aiming to ensure rapid and balanced economic development, increase employment and improve the standard of living of citizens of the participating countries [10, p.175-179].

The ECSC treaty provided for the formation of a common market for coal, iron and steel by gradually reducing duties and removing quantitative restrictions, simplifying administrative regulations on the free circulation of relevant goods, establishing uniform transport tariffs for raw materials and products of the coal industry and metallurgy; introduction of uniform transport tariffs, introduction of uniform prices in the industry, establishment of control over monopolies, introduction of prohibition of discrimination and subventions.

The second stage of the formation of the European internal market took place in 1957 with the signing of the Treaties of Rome between Belgium, the Netherlands, France, Luxembourg, Germany and Italy, which established the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). The creation of the EEC provided for the elimination of trade barriers, the formation and development of a common market, an economic and monetary union, and the provision of a dynamic socio-economic development of member states, use of the potential advantages of the scale of production and comparative advantage of different territorial segments of the continent in trade processes, creation of a common market with guarantees of free movement of persons, services and capital, based on the coordination and harmonization of sectoral policies.

The Treaty on the EEC defines the common market as an economic space without internal borders, within which all types of goods, as well as persons, services

and capital, move freely, subject to the establishment of uniform rules for the prohibition of discriminatory actions for all member states.

In Art. Article 7 of the Treaty establishing the EEC provided for the creation of a common market during a twelve-year transition period, divided in turn into three stages lasting 4 years. The objective of the Community, through the creation of a common market, was:

- 1) promoting the harmonious development of economic activity;
- 2) increasing stability and living standards;
- 3) establishing closer relations between member states [3].

The formation of the common market took place with the introduction of customs discounts within the Community and the removal of obstacles to trade, the unification of norms of regulation of the agricultural market, the replacement of domestic norms with pan-European ones, the elimination of quantitative restrictions on trade, the reduction of duties in domestic circulation and the introduction of a common external tariff.

The *third stage* of the formation of the European common market is characterized by the search for ways to solve the problems of the formation of the internal market, which consisted in the rapid growth of oil prices on world markets and the crisis of the world financial system, the existing national levers of management, a low level of unification, which caused difficulties in the free implementation of trade in some goods; excellent regulatory norms that hindered the development of services; differentiation of the conditions of organization employment, which led to the restriction of the movement of human resources; further use of protectionist instruments; restriction of economic freedom of business entities.

With a view to finalizing the formation of the European internal market, the European Commission adopted a White Paper on "Finalizing the Formation of the Internal Market", which was approved in June 1985 in Milan. A white paper is a document that inventories the physical, technical, and fiscal constraints and barriers that impede the unification of national markets. The main principle of the above book was to change the course from institutional to functional harmonization of law within

the single market. The White Paper became the basis for the signing in 1986 and ratification in 1987 of the Single European Act (EEA), which enshrined the methodology of this book regarding the harmonization of the legislation of the Member States and amended the Treaty on the EEC.

The purpose of the EEA's adoption was to:

- 1) incorporation of the concept of the internal market defined in the White Paper, according to which the internal market was defined as "a space without internal borders within which the free movement of goods, services, persons and capital is guaranteed";
- 2) establishment of a simplified decision-making procedure (by a qualified majority) on issues that directly affected the functioning of the internal market, namely: transition to a common customs tariff; free movement of services; free movement of capital; approximation of national legislation.

By 1992, most of the defined tasks had been accomplished, including the adoption of more than 90% of the legislative acts provided for in the White Paper, mainly due to the introduction of a simplified decision-making system.

The fourth stage in the formation of the European internal market took place as a result of the signing of the Treaty on European Union (TEU) in the city of Maastricht in 1992. The impossibility of the final implementation of the internal market before 1992, envisaged in the EEA, was due to the insufficient transposition of European norms into the law of individual countries and the impossibility of overcoming the problems of unification of fiscal decisions, ensuring the free movement of persons, harmonization of the rights of unions, etc.

With the entry into force in 1994 of the Treaty establishing the European Economic Area, a single market space was created, which provided for the freedom of movement of goods, services, persons, capital, the conduct of a common structural policy and the establishment of joint institutions between the EU and EFTA states.

In 1997, the Treaty of Amsterdam was signed, which referred to improving the system of institutions, bringing the EU closer to its citizens, and giving the EU broader functions in the field of justice and home affairs.

The Treaty of Nice, signed in 2001, contributed to the further reform of the institutional and constitutional structure of the EU and the creation of the European Convention – a temporary intergovernmental body for the preparation of the draft Constitutional Treaty of the EU [5, p. 141]. And although the latter could not be implemented due to its blocking by some EU member states, the Lisbon Treaty, signed in 2007, became an alternative (compromise) to the Constitutional Treaty. It finally approved and streamlined the implementation of the policy of formation and development of the EU internal market, the distribution of powers between the supranational and national levels in this area.

The formation of the economic and monetary union is *the final stage in the formation of the EU internal market*, the characteristic feature of which is the introduction of a common currency, a single monetary and exchange rate policy. Currency integration presupposes a fairly high level of maturity of the economic union and clear coordination and unification of customs, fiscal, budgetary, social, agrarian, and industrial policies, which is due to the need for close economic and currency integration processes.

Thus, the formation and formation of the internal market of the European Union took place with the achievement of each subsequent form of international economic integration and was characterized by the introduction of new legislative initiatives to regulate economic and political issues and strict economic regulators in order to achieve the stability of a single internal market. The formation and functioning of the single internal market of the EU is a multifaceted phenomenon that requires an integrated approach and further thorough research.

CHAPTER 2

ORGANIZATIONAL MECHANISMS OF THE FUNCTIONING OF THE EU COMMON MARKET

2.1. Basic freedoms of the EU single market and mechanisms for their enforcement

The common market, in accordance with the provisions of the Treaty on the Functioning of the European Union, must be the space in which the free movement of goods, persons, services and capital is ensured (Article 26 TFEU). In public language, these four principles of the functioning of the EU's single internal market are commonly referred to as the four freedoms of the common market. Their essence boils down to the removal of any obstacles to the economic transactions and activities of citizens of some Member States in other EU Member States (Figure 2.1).



Figure 2.1. The Four Freedoms of the EU Single Market *

* Source: <https://education.cfr.org/learn/reading/european-union-worlds-biggest-sovereignty-experiment>

The first of the four freedoms that form the basis of the EU's internal market is *the free movement of goods*. This principle is the canon of the common market. The

basis of the rule on the free movement of goods is the provision that a product once introduced into circulation circulates freely throughout the Union, and the legality of its introduction is not subject to administrative restriction without important and justified reasons. There are no borders in the market and even more so customs barriers. All goods are subject to the same regulations and certification requirements and must be subject to the same taxes. Achieving such liberalization of goods turnover between the participating countries required the elimination of all tariff and non-tariff barriers, such as fiscal, qualitative or quantitative. The principle of free movement of goods applies to both industrial products and agricultural products.

From a legal point of view and in terms of its impact on trade, the EU internal market is a space close to the territory of one state. The achievement of liberal commodity turnover requires the abolition of the following barriers [40, p. 24]:

- 1) tariffs, through the creation of a customs union between the participating countries;
- 2) para-tariff, i.e. fiscal;
- 3) non-tariff, for example, requirements for the quality and quantity of goods.

An important concept is also the origin of the goods. The Regulation on the Free Movement of Goods applies to products originating in the Member States or legally imported into the territory of any Member State (i.e. after all customs formalities have been completed). Both of these types of goods, i.e. produced in the Member States and legally imported into the territory of any Member State, are recognized as products of the Union and are treated in the same way by European law. All other products are defined as products from outside the EU and are not subject to the essential provisions of the internal market.

The elimination of tariff barriers in the EU's internal trade consists in the creation of a customs union between the member states. In practice, this means the abolition of duties and all equivalent duties. First of all, export duties were eliminated, after which import duties were gradually reduced in three stages, and then completely eliminated [32, p. 120].

However, the establishment of a customs union, the abolition of tariff fiscal barriers, or the gradual harmonization of indirect taxes were not enough to ensure complete freedom of movement of goods within the domestic market. It was also necessary to reject various barriers of a quantitative and qualitative nature.

The creation of the EU common market ensured the principle of openness of national markets for *the free movement of services*. It is based on the mutual recognition of national legal norms related to this area, and in the field of basic rules it provides for their harmonization.

In accordance with the Single European Act of 1986, the end of 1992 was accepted as the final deadline for the implementation of full freedom of movement of services, but in practice there are still significant differences between the participating countries regarding the implementation of common provisions.

In the economies of the EU countries, market services (transport, tourism, banking, representation services, communications, etc.) form more than 48 % of the GNP of all participating countries combined.

Like the freedom of movement of goods, the freedom to provide services is guaranteed by the Treaty on the Functioning of the EU. Article 57 TFEU defines services as follows: “Services shall be considered to be ‘services’ within the meaning of the Treaties where they are normally provided for remuneration, in so far as they are not governed by the provisions relating to freedom of movement for goods, capital and persons”. The principle of free movement of services means, on the one hand, the right to purchase foreign services performed by entities from partner countries, as well as on the territory of their own country, as well as the country where the service provider is located, and on the other hand, the right to sell such services, including the acceptance and performance of work for their own benefit, the establishment and management of enterprises, unions, agencies and branches.

The freedom of movement of services covers the same actions as the freedom to conduct economic activities (i.e. the initiation and exercise of work for one's own benefit, the establishment and management of enterprises, unions, agencies and

branches), but their exercise is limited in time and must be linked to the crossing of the internal borders of the Union.

Services are delivered to the country's market through several channels: directly from abroad in an intangible form (e.g. by telephone, as information, through the performance of actions outside the country, etc.); in tangible form together with goods; The service provider himself appears at the place of service provision [34, p. 15].

The basis for regulating the services market is Art. 56-62 of the TFEU and the Directive of 12 December 2006. The Directive regulates the operation of service providers in the EU internal market both on a permanent basis and in the order of episodic operations, establishes additional guarantees for the "recipients" of services, including end consumers, thereby ensuring one of the main "freedoms" of the EU internal market – the free movement of services on the territory of all member states – and at the same time guaranteeing a high level of quality of services. The Directive defines or clarifies important "constitutional" categories of EU law when applying them to the services market [14, p. 17].

A number of sectoral directives on services are devoted to individual service markets. For example, with regard to legal services, the Council Directive of 22 March 1977 was adopted regulating the provision of services by lawyers. At the same time, it is noted in the literature that the mutual "discrepancy" of the continental and English legal systems causes reluctance to implement the Directive, and this requires further harmonization measures [31, p. 369].

According to the nature of their activities, services are classified into 4 groups: industrial and commercial activities, artisans' activities and persons in the "liberal" professions (Article 57 (50) TFEU). In addition, it is generally accepted to classify according to the options for the provision of services:

- 1) when the service provider travels to another EU Member State for the purpose of providing paid services;
- 2) when the recipient of the services travels to another Member State to receive the services;

- 3) where both the service provider and the service recipient are established in the same Member State, but the service provider moves to another Member State in order to offer its services to the recipient. At the same time, the state in which the services will be provided should not establish additional conditions restricting the freedom to provide services;
- 4) when neither the entity providing the services nor the recipient thereof make physical movements and the services are provided by mail or communications such as telephone, fax or e-mail.

Article 56 TFEU prohibits national restrictions on the provision and receipt of services by EU citizens. Member States may restrict the freedom to provide services solely for the purpose of protecting the public interest on grounds identical to restrictions on the freedom of establishment.

Article 8 of the Treaty on the Functioning of the European Union provides for the abolition of any inequality between Member States, including in *the free movement of persons* within the EU. Similar to the free movement of goods, the freedom of movement of persons allows for exceptions on the grounds of protection of public order and public health. TFEU rules relating to the free movement of persons are rules of direct effect, and they may have both vertical and as well as horizontal direct action.

These norms, in contrast to the rules governing the free movement of goods, apply to specific categories of persons. Firstly, these persons must have EU citizenship, i.e. the citizenship of any of the member states. Therefore, if a citizen of Ukraine legally works, for example, in Greece, this does not mean that he automatically enjoys the freedom of free movement of employees within the EU, which applies to his colleagues who are citizens of Greece. However, citizens of other countries have some rights of free movement within the EU as family members of EU citizens.

Secondly, EU citizens enjoy freedom of movement for the purpose of living in the territory of another Member State and carrying out economic activities in the territory of the EU as:

- a) employee (Art. 45–48 TFEU);
- b) entrepreneur (Articles 49 to 54 TFEU);

c) a person who provides or receives services (Articles 56 to 62 TFEU).

Thus, EU law prohibits discrimination against individuals on the basis of nationality, but only against EU citizens.

The principles of free movement of persons within the EU apply to:

1) regulation of the free movement of working (employees and entrepreneurs) and unemployed (students, pensioners) EU citizens, provided that they have sufficient financial resources not to burden the social security system of the host state;

2) the freedom to establish economic activity and the freedom to provide and receive services by EU citizens.

The free movement of capital was first provided for by the Treaty of Rome establishing the European Economic Community of 25 March 1957. 67 of the Treaty, during the transition period, to the extent necessary to ensure the proper functioning of the common market, the Member States were to progressively abolish all restrictions on the movement of capital belonging to resident persons of the Member States and any discrimination on the grounds of nationality or place of residence.

The free movement of capital, along with the free movement of persons, goods and services, is an important component of the proper functioning of the EU internal market. The free movement of capital creates the conditions for the functioning of an integrated, open, competitive and efficient European financial market and provides a number of benefits to both consumers and financial service providers. For citizens, the free movement of capital means the ability to freely carry out transactions abroad, in particular, to open bank accounts, invest their funds in the most profitable way, buying securities of foreign companies, real estate in other countries, etc. [18, p. 275].

For enterprises in need of financial resources, freedom of movement of capital opens up prospects for obtaining them on the most favorable and favorable terms, for investors – the opportunity to offer their resources in a market with great demand. Finally, for the governments of the EU states, the freedom of movement of capital is a means of reducing credit rates and facilitating the financing of expenditures on education, medicine and other national needs.

By creating the EEC, member states declared their willingness to liberalize the movement of capital to the extent that their economic situation and balance of payments allow. At the same time, it established the possibility of introducing protective measures (with the consent and under the conditions determined by the European Commission on the basis of consultations with the Monetary Committee) in the event that the free movement of capital disrupts the functioning of the financial market in any member state (Article 73) [37].

With the entry into force of the Maastricht Treaty in 1993, the freedom of movement of capital received the same status as other freedoms of the common market, and from January 1, 1994, not only all restrictions on the movement of capital between member states, but also between members and third countries were prohibited [27].

The main difference between the freedom of movement of capital and other freedoms (movement of persons, goods and services) is that Art. 63 TFEU applies irrespective of a State's membership in the European Union. Thus, with regard to the movement of capital and payments in the EU, as a general rule, the most-favored-nation regime has been established, which assumes that financial flows from all countries are regulated on equal terms. The main reason for the introduction of this liberal norm was the need to open financial services markets (banking, insurance sectors), as well as to simplify the procedure for foreign investment.

Thus, institutional and legal mechanisms play an important role in regulating the functioning of the European Union's common market. They define the basic rules of conduct in the market and the procedure for participants in the EU market system.

2.2. Competition rules in the EU market

Article 3 TFEU makes it clear that the European Union has exclusive competence to set the competition rules necessary for the functioning of the internal market (para. 1 (b)). A special Protocol No. 27 on the internal market and competition has been added to the TFEU, which stipulates that the EU internal market includes a system that guarantees the inadmissibility of distortion of competition. Chapter 1

"Competition Rules" of Title VII "Common Provisions on Competition, Taxation and Approximation" of the TFEU (Articles 101 to 109) deals with the legal regulation of competition in the European Union. Formally, according to legal norms, the provisions of the TFEU are divided into two sections: the provisions applicable to enterprises (Articles 101 to 106) and State aid (Articles 107 to 109).

The sources of legal regulation of competition rules are also acts of secondary legislation that regulate the procedures for the implementation of the principles contained in the provisions of the TFEU. Among the acts of secondary legislation, the central place is occupied by Council Regulation (EC) No 1/2003 on the implementation of competition rules defined in Articles 101 and 102 of the Treaty, which replaced the well-known Regulation No 17 of 6 February 1962, which was the first document adopted to regulate competition policy, and was in force until 2004.

Article 346(1) TFEU limits the scope of application of the rules provided for in the Treaty; Among other things, this restriction also applies to competition rules. The provision of this article stipulates that "... Any Member State may take the necessary measures to protect its essential security interests related to the production or trade in arms, ammunition and war materiel; These measures shall not adversely affect the conditions of competition in the domestic market for products not specifically intended for military purposes."

Thus, the sources of the antitrust law of the European Union constitute a stable hierarchical system, which consists of constituent treaties, acts of the EU institutions of both binding and recommendatory nature, special principles formulated and developed by judicial practice, international agreements with third countries and international organizations, as well as acts of cooperation bodies created on the basis of these agreements.

The competition rules laid down in the TFEU, namely the regulation of transactions and concerted actions of economic operators, fall within the jurisdiction of the European Union only if such actions have an impact on trade between Member States. It is this criterion that establishes the limits of application of the competition

rules of the European Union and the jurisdiction of the national antimonopoly authorities of the member states [23, p. 112].

The characteristic features of the antitrust law of the European Union are, firstly, that competition law is a means of ensuring the effective functioning of the internal market with freedom of movement of goods, persons, services, capital and freedom of establishment. Secondly, Articles 101 to 109 TFEU are directly applicable. Such provisions of the constituent treaties may be applied in addition to the provisions of the internal law of the Member States in the course of proceedings before national courts. Thirdly, competition rules apply to all sectors of the economy (there are a number of regulations governing the EU's antitrust policy in certain specific sectors – agriculture, transport, intellectual property, etc.). Fourthly, an extensive institutional system for the protection of fair competition in the market with a combination of national authorities of the Member States.

In the process of formation of the antimonopoly law of the European Union, the basic principles of this law were formed:

1. The prohibition of anti-competitive behaviour by both private and state-owned enterprises, i.e. the prohibition of concerted practices in the form of anti-competitive agreements and decisions by enterprises that may affect trade between Member States and prevent, restrict or distort competition within the common market. However, this prohibition, which is the core of a competition policy aimed at removing an obstacle to trade between Member States, is not absolute. A market economy, dynamic in nature, requires flexible mechanisms for its regulation, based not on exhaustive lists of prohibitions, but on decisions approved on a case-by-case basis, using a system of exceptions to the basic principle of prohibition. These exceptions are dictated by both social considerations (Article 107(2) TFEU) and market efficiency concepts (Article 101(c) TFEU) [23, p. 154].

2. Prohibition of the abuse of a dominant position within the internal market, as this may affect trade between Member States. Such a prohibition, as defined in Art. 102 TFEU, may consist in the direct or indirect imposition of unfair pricing or the imposition of other unfair terms of trade; restriction of production, marketing or

technical development to the detriment of consumers; imposing unequal conditions on equivalent agreements with other trading partners, which puts them in an unequal competitive environment. There can be no exceptions to such a conditional ban, in other words, such behaviour, which affects trade within the internal market of the European Union, is defined as absolutely unlawful.

3. Supervision and monitoring, by means of assistance provided by Member States or through public resources, in any form and at any time, which threatens to distort competition by favouring certain undertakings or the production of certain goods. At its core, the principle of incompatibility of State aid with the internal market applies to the extent that it relates to trade between Member States (Article 107 TFEU). However, there are exceptions to this general principle, provided for in paragraphs 2, 3 of Art. 107, which stipulate different legal mechanisms for granting permits, exercising control and supervision over state aid schemes.

4. Precautionary oversight of mergers on a European scale. This area is regulated by Council Regulation 139/2004, which establishes the obligation of an undertaking to obtain the Commission's approval for concentration, where appropriate.

5. Liberalization of certain sectors of the economy where public or private enterprises have so far developed monopolistically, such as telecommunications, transport or energy. The legal basis for this principle is Art. 37 TFEU, according to which Member States undertake to "reorganise national monopolies of a commercial nature in such a way as to ensure that there is no discrimination of any kind in the conditions of supply and sale...". At the same time, this provision may be under the control of the Commission and the Court of Justice of the EU in accordance with Art. 258 TFEU. This provision is confirmed by Art. 108 TFEU, according to which state-owned enterprises must bring their activities into line with the principles laid down in Articles 101 and 102 TFEU. On the basis of this, sectoral directives and regulations that regulate the relevant type of activity in the market establish special rules of competition, which are aimed at the development of competition policy by such state-owned enterprises (monopolists).

6. The principle of extraterritorial application of EU competition rules to undertakings of third countries in cases where their business operations, even those carried out outside the EU, have negative consequences in the internal market of the European Union and affect trade between Member States. The Commission has repeatedly imposed penalties, and the Court of Justice of the EU has considered claims against non-resident enterprises of the European Union. The classic cases of interpretation of this issue are cases 48/69CII v Commission (Dyestuffs) [1972] and C-89/85 Ahlstrom/Commission (WoodPulp II) [1993]. The most high-profile cases of the 21st century regarding the extraterritorial application of the European Union's competition rules are the cases T-201/04 R Microsoft v Commission [2004], T-457/08 R Intel Corporation Inc. v Commission of the European Communities [2009].

7. The principle of economic unity, which consists in the desire to consider the subsidiary and parent companies (even if they operate in different countries) as an economic unity, i.e. as one enterprise for the purposes of competition [33].

Competition within the internal market can be distorted both through anti-competitive actions of the Member States (state subsidies, etc.) and through the actions of individual enterprises (market division, abuse of dominant position, etc.). Therefore, the competition law of the European Union is aimed at regulating the relevant activities of both member states and individual enterprises.

2.3. Standardization of products in the EU

All goods imported into the customs territory of the EU must comply with all the requirements of the European Union aimed at ensuring consumer protection. These requirements vary significantly depending on the specific product, but in general can be grouped into the following areas: 1) technical requirements; 2) environmental requirements; 3) requirements in the field of sanitary and phytosanitary measures.

In addition, marketing standards are established for certain types of products at the EU level, as well as import restrictions are applied, which can also be considered

as mechanisms to protect the domestic market from imported goods, the quality and safety of which do not meet the requirements of the European Union [22, p. 37].

The main technical requirements are classified in the sectors of product safety, technical standardization, packaging and product labeling. General requirements in the field of product safety are defined by Directive 2001/95/EC of the European Parliament and of the Council of 03.12.2001 on General Product Safety. This legislative act is applied in the absence of specific rules governing the safety of certain categories of goods or if specific rules (sectoral) are insufficient.

In turn, the manufacturer of products and the distributor are obliged to:

- to supply products to the market that meet general safety requirements;
- to provide consumers with the necessary information about the potential threat to the product, in particular when it is not directly obvious;
- to inform the relevant national authorities of the facts concerning the potential or direct hazards of the products and cooperate with these authorities in the context of the implementation of measures taken to protect consumers.

In turn, at the EU level, the functioning of the Rapid Alert System for Non-Food Products Posing a Serious Risk (RAPEX) was introduced, created for the purpose of prompt exchange of information between the EU Member States and the European Commission in case of detection of products that pose a serious danger [22, p. 43].

The general procedure and conditions for the placement of products on the EU internal market, conformity assessment, as well as the mechanism of market surveillance are outlined in Council Regulation No. 765/2008 of 09.07.2008 and Decision of the European Parliament and of the Council No. 768/2008 of 09.07.2008.

Harmonised standards can be developed by three independent standardisation bodies: European Committee for Standardization (CEN); European Committee for Electrotechnical Standardization (CENELEC); European Telecommunications Standards Institute (ETSI). Conformity assessment procedures are carried out by the product manufacturer or a third party that is responsible for such assessment. The third party is the competent authorities in each EU member state [39].

Conformity assessment is carried out in several stages (modules), which may exclude each other. Each of the modules pursues certain goals and provides for a certain number of different procedures used in relation to a wide range of certified goods (Table 2.1). Some modules relate to the product development (design) phase, others to the production phase, and still others to both of these phases (Figure 2.2). Each directive of the New Approach provides for the mandatory passage of certain modules and possible alternative procedures within the framework of some of them.

Table 2.1

Core modules for assessing compliance with EU norms and standards *

Mo-Doul	Module Name	Module Summary
A	Internal production control	Covers internal design and production control. This module does not require the involvement of a notified body
B	Examination for conformity to the type of product of the Community	Covers the design phase. It is carried out by the authorized body, which issues a certificate with the conclusions of the examination. This module is necessarily followed by a production phase evaluation module
C	Compliance of products with this type	Covers the production phase and follows module B . Conformity assessment of products to the type described in the certificate issued in accordance with module B is carried out
D	Production Quality Inspection	Covers the production phase and follows Module B . Takes place in accordance with the EN ISO 9002 quality standard with the involvement of the notified body responsible for the approval and control of the production quality system, the final inspection and verification of the products established by the manufacturer
E	Checking the quality of the product	Covers the production phase and follows Module B . Takes place in accordance with the EN ISO 9003 quality standard with the involvement of the notified body responsible for the approval and control of the quality system of the final inspection and inspection of the products established by the manufacturer
F	Product Inspection	Covers the production phase and follows module B . The notified body shall control the conformity of the products to the type described in the certificate issued in accordance with module B and issue a certificate of conformity
G	Checking the Commodity Item	Covers the design and manufacturing phases. Each individual product is examined by an authorized body that issues a certificate of conformity
H	Covers the design and manufacturing phases	It takes place in accordance with the EN ISO 9001 quality standard with the involvement of the authorized body responsible for the approval and control of the quality system of the design, production, final inspection and inspection of the products established by the manufacturer

* Based on [2, p. 43–44].

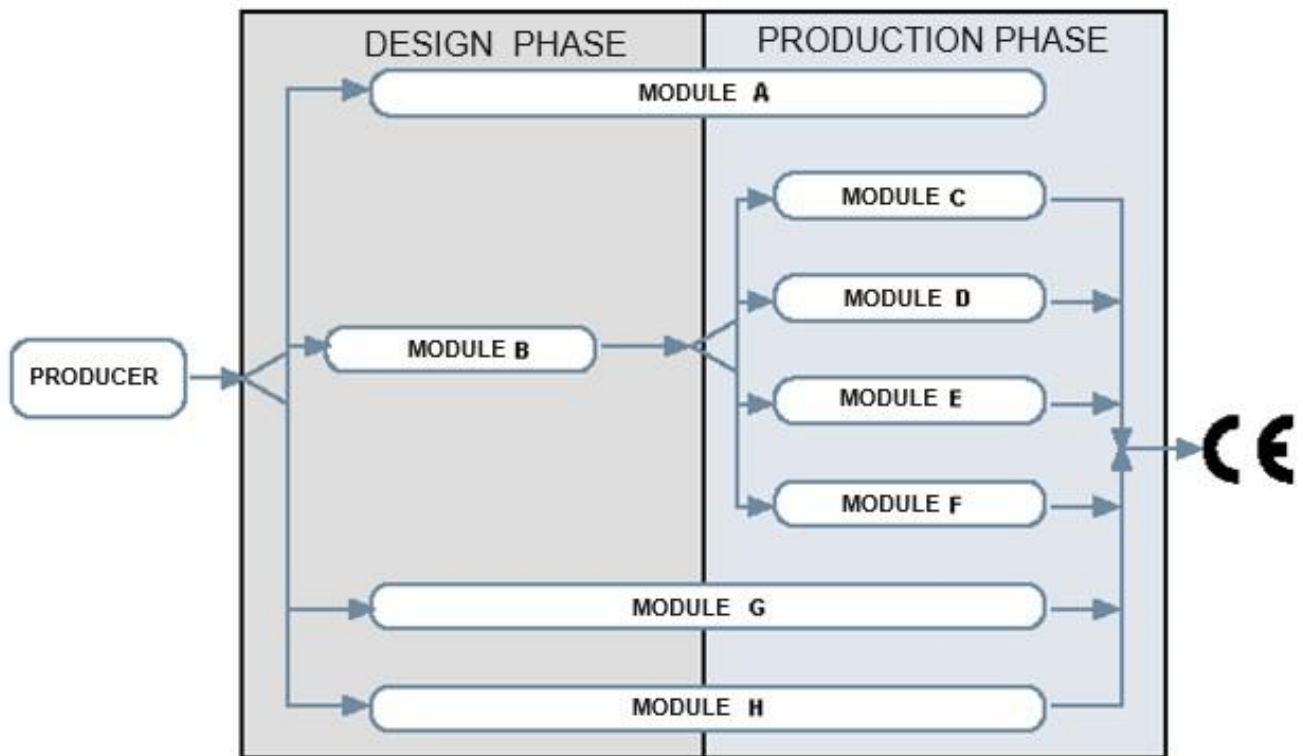


Figure 2.2. Generalized scheme of the procedure for assessing compliance with EU technical norms and standards *

* Based on [2, p. 44].

The CE marking indicates that the product meets all applicable requirements and has passed the conformity assessment procedure. The packaging of goods placed on the market must comply with the requirements laid down in Directive 94/62/EC of the European Parliament and of the Council of 20.12.1994 on packaging and the management of packaging waste.

Environmental requirements for products supplied to the EU market consist of the following main elements:

1. Regulation of trade in hazardous chemicals. Imports of hazardous chemicals into the EU are subject to controls in accordance with the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. The provisions of the Convention are implemented in EU legislation by Regulation (EC) 689/2008 of 17.06.2008 on the export and import of hazardous chemicals. All information on product-specific import requirements can be found in the European Database export and import of hazardous chemicals – EDEXIM.

2. Control for the presence of persistent organic pollutants. EU policy aims to eliminate or minimize the use of these products in accordance with the Stockholm Convention on Persistent Organic Pollutants and the Protocol to the regional UNECE Convention on Long-range Transboundary Air Pollution. The basic document of EU legislation is Regulation (EU) No. 850/2004 of 29.04.2004.
3. Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). REACH is enacted by Regulation (EC) and of the Council No 1907/2006 of 18.12.2006, which establishes a system for accounting for existing and new substances, as well as requirements for manufacturers of EU Member States and EU importers for products containing chemicals. The REACH system is managed by the European Chemicals Agency (ECHA) [29].
4. Classification, labeling and packaging of substances and mixtures. Chemicals may be placed on the EU market if they are classified, labelled and packaged in accordance with the provisions of Regulation (EP) and of the Council No 1272/2008 of 16.12.2008.
1. Requirements for plant protection products and biocides. In the EU, plant protection products for placing on the market must be authorised in accordance with the provisions of Regulation (EC) No. 1107/2009 of 21.10.2009, while biocides (disinfectants, preservatives, non-agricultural pesticides) supplied to the EU market must comply with the requirements of Directive 98/8/EC of the EU Council of 18.02.2008. and a number of other legislative acts of the European Union [22, p. 103].

Along with the above-mentioned basic environmental requirements, the import of detergents, fertilizers, ozone-depleting substances, fluorinated greenhouse gases, endangered animal species, waste, etc., into the EU is also regulated.

Goods imported into the customs territory of the EU must comply with EU sanitary and phytosanitary requirements for the protection of human and animal health. These requirements are classified in the food and feed safety, plant health and public health sectors. The EU Rules on Official Control in the Field of Sanitary and

Phytosanitary Measures (SPM) are established by Regulation (EC) No. 882/2004 of 29.04.2004 (control over compliance with legislation in the fields of food, feed, animal health and welfare) and Regulation (EC) and of the Council No 854/2004 of 29.04.2004 (specific rules for the organisation of official controls on products of animal origin intended for human consumption).

SPM control is carried out by the competent authorities of the EU Member States, coordinated by the European Commission and the European Food Safety Authority [30]. Import of animals and products of animal origin is carried out in accordance with the following rules:

- 1) the exporting country must be included in the list of states that are allowed to export the relevant category of products to the EU;
- 2) products of animal origin can be imported into the territory of the EU, provided that they are produced in approved processing plants, in the exporting country;
- 3) all imports of animals and products of animal origin must be accompanied by a health certificate issued by the official veterinary competent authority of the exporting country;
- 4) each consignment of goods is subject to inspection at the checkpoint where the EU customs border is crossed.

In the event that an outbreak of a veterinary disease that poses a serious threat to animal or public health is recorded in the exporting country, the European Union applies temporary protective measures, including the suspension of imports from all or part of the country's territory.

Council Directive 2000/29/EC of 08.05.2000 defines the basic requirements applicable to plants and plant products imported into the EU. In particular, when importing products of plant origin, a phytosanitary certificate issued by the competent authority of the exporting country must be presented, phytosanitary control procedures must be carried out at the checkpoint where the EU customs border is crossed. In addition, specific marketing conditions are put forward for seeds and planting material imported into the EU.

CHAPTER 3

THE CURRENT STATE OF THE EU MARKET AND THE PROSPECTS OF THE PRESENCE OF UKRAINIAN BUSINESS IN IT

3.1. Achievements and problems of functioning of the EU market at the present stage of its development

The overwhelming majority of achievements lie not in absolute successes, but in constant improvement, ensuring the harmonious development of economic activity, progressive and balanced growth, increasing stability and living standards of the population of member countries, achieving a high level of competitiveness and convergence of economic indicators. The main achievements of the EU single market include [2, p. 86]:

- full or partial removal of obstacles to the free movement of goods, persons, capital, services, which entails significant economic achievements;
- creation of a more favorable environment for industrial cooperation and cooperation;
- strengthening competition in the Community's internal market, which is positive in terms of pricing, expanding the range of goods and services, innovative development, more efficient use and allocation of resources, creating conditions for self-employment, etc.;
- strengthening the growth rate of the economies of the member countries;
- improving the well-being of the population;
- strengthening the EU's competitiveness in the world market;
- creation of additional jobs;
- growth of domestic investment;
- stimulation of foreign direct investment from third parties;
- more efficient allocation of resources (primarily factors of production);
- reduction of prices for certain goods and services (telephone conversations, cars, telecommunications equipment, financial services, transport, etc.) due to the

introduction of uniform cost-effective standards, increased competition and more efficient distribution of factors of production;

- ensuring transparency and openness of public procurement policy;
- elimination of discrepancies between national tax systems (introduction of common rules of indirect taxation, accrual of VAT, excise duties);
- greater access of EU citizens to markets for certain types of products;
- significantly lower rates of inflationary processes.

One of the most important achievements and proofs of the effectiveness of the functioning of the EU single market is the growth of trade between EU member states. The share of internal trade of the Member States among themselves in the total foreign trade of the EU states today exceeds 60 %, although not all EU members trade equally with partners in the Union (Figure 3.1).

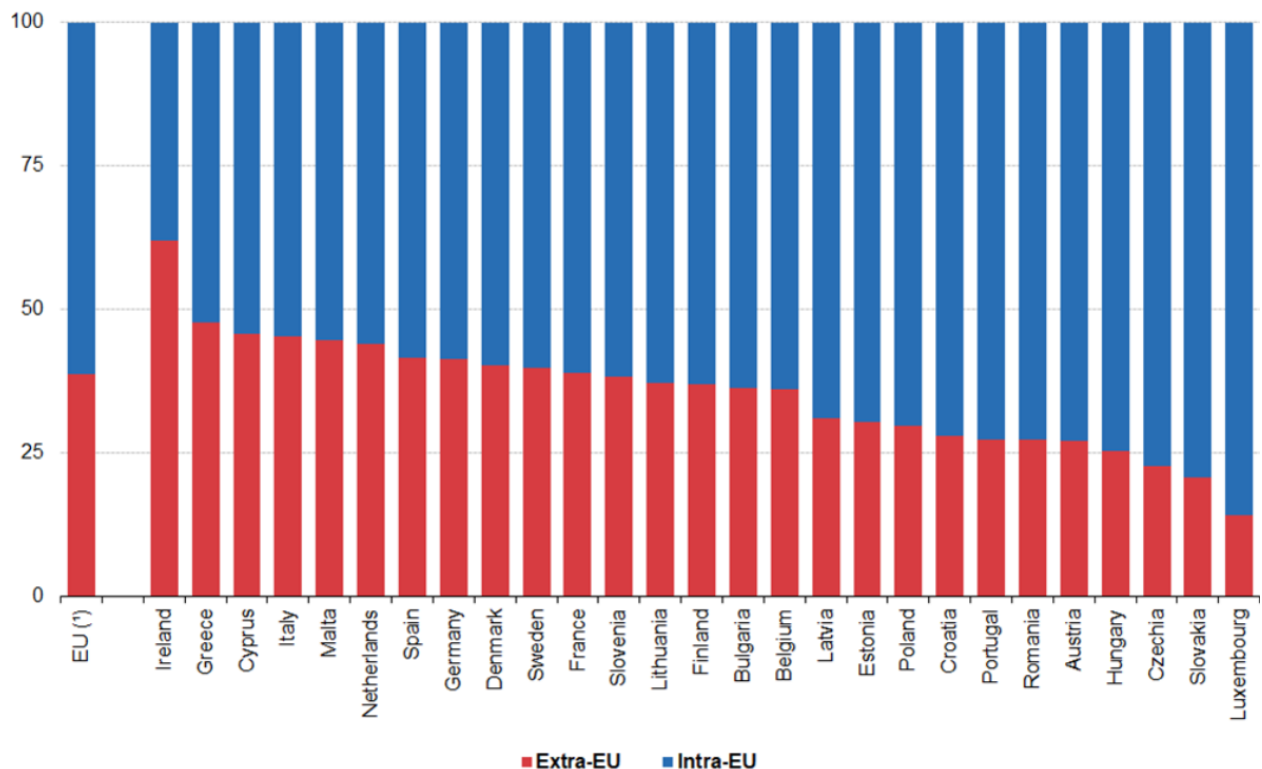


Figure 3.1. Foreign extra and intra trade in goods by the EU member states, 2021 *

* Source: Eurostat data (https://ec.europa.eu/eurostat/statistics-explained/index.php/International_trade_in_goods).

In one of the last issues of 2019, the British magazine "The Economist" called the situation with the development of the common market of the European Union "a

problem that no one talks about." Meanwhile, the process of Europe's economic integration is "not just not finished." In many industries, it is coming back, according to an influential British publication [36].

There are various explanations for the growing difficulties in the process of transition to a new level of economic integration within the European Union. One of the main problems is the persistence of national fragmentation in the service sector. Which, by the way, already accounts for up to three-quarters of the EU's total GDP, and has created the lion's share of jobs in the last few decades. The problem is that the single market was originally conceived for trade in goods and has been very successful in removing national barriers and implementing EU-wide regulations and procedures. At the same time, from the point of view of competitiveness, the formation of the single market "first of all exacerbated competition between EU countries". Maintaining uniform requirements for all eurozone countries "significantly strengthened the dynamics of divergence, rather than promoting rapprochement."

It is even more difficult to get rid of barriers to trade in services. National specifics play a dominant role in the regulation of the service sector, and "some norms are rooted in the times of medieval guilds." As a result, the authorities of some countries have long resisted the liberalization of the activities of lawyers, pharmacists or taxi drivers. Entire sectors of the economy are completely excluded from the process of liberalization of the EU common market. And in cases where uniform regulations did make their way, this happened only on a limited scale, The Economist reminds. According to the European Commission, there are up to 5,000 national regulatory procedures related to the service sectors in the EU countries – almost 200 regulations per member state. Permission to provide services in many areas requires professional education, certification, and sometimes membership in professional associations of a particular country [9].

In the domestic market, European companies, especially in the commodity sectors, are quickly losing under the pressure of suppliers from China. At the same time, "the compression of industry turned out to be a huge blow to the entire European edifice, since Europe in the economic sense is first and foremost an industrial

civilization." The loss of market share by the industrial sectors of the economy provoked, in turn, the degradation of the "technological potential" of Europe. Deindustrialization, coupled with numerous problems in the eurozone, dealt a severe blow to the dynamics of household incomes, and, ultimately, began to rapidly erode the "political demand" of a united Europe.

There are still disparities in socio-economic development between countries and regions, which do not promise a quick release of the leading economies of the European Union "from the burden of donation". "As a result, Member States have few common approaches to verification" on the issue of the single market [36].

Finally, the service sector in Germany is much less competitive compared to the very strong manufacturing industry. At this, Germany is highly dependent on exports of goods and, accordingly, on fluctuations in the international trade situation. In the context of the economic slowdown that has been going on for several years, Berlin prefers to talk about a more energetic "industrial policy", within the framework of which the state should provide financial and administrative-regulatory assistance to priority sectors of the national economy. At the same time, having taken office as head of the European Commission, Ursula von der Leyen has not yet clearly considered the issue of the single market to be one of her priorities. According to the proponents of the single market, the reason lies in its political dependence on Germany and France.

The question of the place and role of the single market in the development of the European economy remains open. On the one hand, if there is no further integration of the single market in the provision of services, then uniform supranational rules and regulations will eventually cover an increasingly smaller share of the EU's aggregate economy. On the other hand, it is not clear to what extent it is possible to accelerate the growth of the united economy of Europe, while at the same time jeopardizing the economic prospects of individual countries as a result of further liberalization of economic relations in the current format.

3.2. Integration of Ukraine into the EU common market

European integration meets the vital interests of the Ukrainian people, so modern Ukraine is an active participant in European integration processes. These processes are a determining factor in both Ukraine's international activity and its domestic policy in the long term. They strengthen security and have a positive impact on Ukraine's relations with all countries of the world, especially neighboring ones. European integration could not be considered complete without Ukraine, which is the largest in terms of territory and number population of a European country.

The main document that regulates trade and economic relations between Ukraine and the EU today is, of course, the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other. This Agreement replaces the Partnership and Cooperation Agreement and provides an opportunity to move from economic partnership and cooperation to economic integration.

On 1 September 2017, the Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Ukraine entered into force. It is part of the Association Agreement. Previously, since 1 January 2016, the DCFTA has been applied temporarily. This is a powerful milestone in bilateral trade relations and opens up new economic opportunities for both the EU and Ukraine. Ukrainian business receives stable and predictable preferential access to the largest market in the world, which is home to about 500 million consumers. At the same time, businesses from the EU get the opportunity to take advantage of easier access to the Ukrainian market and build new relationships with Ukrainian suppliers and partners.

The Association Agreement has also prompted the reform of the Ukrainian legal and regulatory framework to facilitate its alignment with European Union legislation (the so-called *acquis*). In the long run, this means treating goods from Ukraine as EU goods. Ukraine's gradual approximation to EU legislation and internationally recognized EU standards in production and services makes it easier for Ukraine to export its products not only to the European Union, but also to the rest of the world. In

addition, the reforms enshrined in the DCFTA improve the overall business climate in Ukraine, in particular with regard to the fight against corruption, which in turn will increase investor confidence.

The implemented DCFTA gives Ukraine the opportunity to diversify its economy, which is currently based on large enterprises operating in basic commodity industries (e.g. metallurgy). This contributes to the movement towards a more modern model, in particular to the development of a dynamic service sector and many small and medium-sized enterprises [22, p. 22].

Chapter IV of the EU-Ukraine Association Agreement (which is 2/3 of the volume of the agreement itself) is a provision on the establishment of the DCFTA, which provides Ukraine with opportunities to modernize trade relations with the EU and economic development. The provisions of the DCFTA are set out in 15 chapters, 25 annexes and 2 protocols. The DCFTA is an economic and legal regime that is much broader than the classical form of a free trade area [44, p. 580]. Structurally, this section consists of the following parts [46]: 1) national treatment and market access of goods; 2) means of trade protection; 3) technical barriers to trade; 4) sanitary and phytosanitary measures; 5) customs and trade facilitation; 6) establishment of business, trade in services and e-commerce; 7) current payments and capital flows; 8) public procurement; 9) intellectual property; 10) competition; 11) issues related to energy trade; 12) transparency; 13) trade and sustainable development; 14) dispute resolution.

The FTA helps to reduce barriers for Ukrainian goods in the EU market, while Ukrainian legislation, regulations and product quality standards are becoming closer to European ones. This simplifies the process of obtaining the relevant documents to enter a new market. High production standards will contribute to improving the quality of Ukrainian goods both in the domestic market and for export.

Within the framework of the comprehensive free trade area, it is envisaged to approximate the legislation of Ukraine to the European one in various fields. This will facilitate mutual access to commodity markets of both sides, simplification of customs procedures, trade operations and capital flows, as well as regulation of trade in services, competition and sustainable development.

The establishment of a DCFTA between Ukraine and the EU consists of [47]:

- abolition of import duties by Ukraine and the European Union for most goods exported to their markets;
- establishing rules for determining the origin of goods, which are one of the aspects of the application of trade preferences;
- raising the standards of Ukraine in the field of technical regulations, procedures, sanitary and phytosanitary norms, as well as food safety measures to the level of European standards, which will allow Ukrainian goods and products not to need additional certification for import into the EU;
- establishment of the most favorable conditions for access to service markets by both parties;
- Ukraine's application of EU rules in the field of public procurement, which is gradually opening up the EU public procurement market;
- simplification of customs procedures and combating fraud, smuggling and other violations in the field of cross-border movement of goods;
- strengthening the protection of intellectual property rights by Ukraine.

The DCFTA will facilitate trade through the abolition or reduction of import duties. As a result, Ukrainian exporters will save €487 million annually. For their part, after the abolition of Ukrainian import duties, EU exporters will save 391 million euros annually [47, p. 233].

The creation of a Deep and Comprehensive Free Trade Area between Ukraine and the European Union has been taking place *gradually over 10 years*. Since November 1, 2014, the EU has unilaterally liberalized the customs regime for most Ukrainian goods within the framework of the autonomous regime of trade preferences: import duties of the Union on 94.7 % of Ukrainian industrial goods, 82.2 % of agricultural products and 83.4 % of food products have been completely abolished [47].

For the rest of Ukrainian exports to the EU, there was a partial liberalization of access to the EU market through the application of a gradual reduction/abolition of EU import duties during transitional periods in accordance with the schedule of Annex I-

A to the Association Agreement and by establishing tariff quotas providing for duty-free exports in a certain volume (for agricultural and food products) [44, p. 581].

Ukraine began to abolish import duties on imports from the EU on January 1, 2016 – with the beginning of the FTA between Ukraine and the European Union. For certain "sensitive" commodity groups, Ukraine applies a gradual reduction/abolition of import duties on imports from the EU under the FTA between Ukraine and the European Union during transitional periods of 3 to 10 years (Annex I-A to the Association Agreement).

The introduction of the DCFTA between Ukraine and the EU will contribute to even closer economic integration, creating almost the same conditions for trade between them as for trade within the EU. It will also contribute to greater transparency of doing business and improving the investment climate in Ukraine, improving the safety and quality of goods, as well as the level of social protection. Lower prices for Ukrainian consumers, improved access of Ukrainian enterprises to the EU and world markets through adaptation to world standards will also be the consequences of this.

After the opening of the free trade area between Ukraine and the European Union, trade with the EU is constantly growing. The EU's share in Ukraine's exports of goods and services increased from 29.9% in 2016 to 54.5% in 2022; For imports, the corresponding figures were 39.5% and 47.0% (Fig. 3.1). The possibilities of duty-free export within the tariff quotas are actively used. In 2019, Ukrainian exporters used the opportunities of 32 out of 40 tariff quotas, 11 of which – completely, 2 – by more than 95%. In 2016, opportunities within 26 tariff quotas were used [44, p. 582].

11 tariff quotas for corn, wheat, barley, honey, sugar, grape and apple juices, processed tomatoes, butter, poultry meat and starch have been fully used. 99.9% of tariff quotas were used for malt and starch by-products; for processed cereal products – 99.5%; malt and wheat gluten – 90.3%; eggs and albumin – 84.5%, additionally – 63.0%; barley, barley flour and granules – 80.4%; garlic – 78.6%; for bran, waste and residues – 72.3% [44, p. 582]. Ukraine has established duty-free tariff quotas for three types of goods (pork, poultry meat and sugar) and provided additional volumes for two of them.

Regions	2015	2016	2017	2018	2019	2020	2021	2022
Export of goods and services	47 862	46 008	53 944	59 177	63 556	60 707	81 504	57 517
Europe	15 256	15 727	19 888	23 210	24 837	22 329	32 909	33 970
Asia	13 722	13 114	14 535	15 591	17 503	20 249	25 648	11 468
America	2 473	2 567	3 267	4 001	4 372	4 798	7 410	5 556
incl. USA	1 546	1 692	2 392	3 057	3 440	3 844	5 396	4 945
Africa	3 934	4 010	4 213	4 260	5 153	4 193	5 832	2 238
Australia and Oceania	110	58	54	76	111	119	169	115
EU countries	13 283	13 771	17 662	20 585	22 141	19 848	29 230	31 338
CIS countries	11 923	10 007	11 402	11 460	11 054	8 728	9 310	4 000
Structure, %								
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Europe	31,9	34,2	36,9	39,2	39,1	36,8	40,4	59,1
Asia	28,7	28,5	26,9	26,3	27,5	33,4	31,5	19,9
America	5,2	5,6	6,1	6,8	6,9	7,9	9,1	9,7
incl. USA	3,2	3,7	4,4	5,2	5,4	6,3	6,6	8,6
Africa	8,2	8,7	7,8	7,2	8,1	6,9	7,2	3,9
Australia and Oceania	0,2	0,1	0,1	0,1	0,2	0,2	0,2	0,2
EU countries	27,8	29,9	32,7	34,8	34,8	32,7	35,9	54,5
CIS countries	24,9	21,8	21,1	19,4	17,4	14,4	11,4	7,0
Import of goods and services	50 224	52 461	62 688	70 555	76 067	63 085	84 175	83 254
Europe	21 204	23 343	28 686	32 062	35 123	29 996	39 250	42 005
Asia	7 953	9 952	11 771	14 652	17 602	16 021	21 242	17 251
America	2 784	3 211	4 187	4 516	4 872	4 902	5 642	12 671
incl. USA	2 074	2 366	3 148	3 452	3 796	3 827	4 210	11 446
Africa	671	659	805	880	1 102	837	1 393	532
Australia and Oceania	167	120	143	68	117	45	134	227
EU countries	18 071	20 705	25 090	28 510	31 324	27 300	34 074	39 096
CIS countries	13 809	11 677	14 228	15 774	14 323	9 488	14 303	4 648
Structure, %								
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Europe	42,2	44,5	45,8	45,4	46,2	47,5	46,6	50,5
Asia	15,8	19,0	18,8	20,8	23,1	25,4	25,2	20,7
America	5,5	6,1	6,7	6,4	6,4	7,8	6,7	15,2
incl. USA	4,1	4,5	5,0	4,9	5,0	6,1	5,0	13,7
Africa	1,3	1,3	1,3	1,2	1,4	1,3	1,7	0,6
Australia and Oceania	0,3	0,2	0,2	0,1	0,2	0,1	0,2	0,3
EU countries	36,0	39,5	40,0	40,4	41,2	43,3	40,5	47,0
CIS countries	27,5	22,3	22,7	22,4	18,8	15,0	17,0	5,6

Figure 3.1. Dynamics of Ukraine's foreign trade by regions of the world, USD million, %*

* Source: [45, c. 10].

At the end of 2022, the share of trade in goods and services with the EU amounted to 53.6 % of Ukraine's total trade turnover (in 2021, this figure was 39.1%). Foreign trade turnover reached USD 59.3 billion. This is 5.2% less than in 2021. The main reason for the decline in trade was Russian aggression in Ukraine [1, p. 557].

In 2022, exports of Ukrainian goods and services amounted to \$30.6 billion and increased by 1.1% compared to 2021. The volume of imports of goods and services decreased by 11.1% compared to 2021 and amounted to USD 28.7 billion. United States. For the first time since the DCFTA, Ukraine's trade balance in 2022 was positive at USD 1.8 billion. [1, p. 557].

In 2022, the volume of trade in goods between Ukraine and the EU amounted to \$54.9 billion, while the volume of exports of goods to the EU amounted to \$27.9 billion. and increased by 4.1% compared to 2021. The main commodity categories of Ukrainian exports to the EU countries are cereals (16.8%), fats and oils (11.0%), oilseeds and fruits (10.4%), ferrous metals (10.0%) [1, p. 558].

In 2022, imports of goods from the EU to Ukraine amounted to USD 27.0 billion. USD 2.0 billion Imports from the European Union in the Ukraine were dominated by the following product categories: energy (24.0%), land transport, except rail (10.8%), nuclear reactors, boilers, machinery (7.1%) [1, p. 558].

The development of trade and economic relations between Ukraine and the EU in the near future depends on the balanced policy of the government of the state to stimulate its own production and investment activity through a wide range of financial, economic, organizational and legal mechanisms. Ukraine has chosen the path of integration into the European Union, which is one of the largest associations in the world and at the same time one of the largest markets in the world. However, it will not be easy to meet the requirements set by the EU for the quality of products for Ukrainian companies. However, trade and economic cooperation between Ukraine and the EU is extremely important, so in order to deepen this cooperation, Ukraine must ensure the quality and competitiveness of its goods and services.

3.3. Prospects for doing business in the EU market for Ukrainian enterprises

The conditions for Ukrainian enterprises to do business in the EU market are significantly improved by the Deep and Comprehensive FTA (DCFTA) between Ukraine and the EU and the abolition of a number of other restrictions (the provision of the so-called "visa-free regimes") in bilateral trade and economic relations by the European Union in support of Ukraine in its resistance to aggression by the Russian Federation.

Over the past five years, the number of Ukrainian companies exporting goods to EU member states has been growing. For example, if in 2016 13402 companies exported to the EU, then in 2021 – 14283. Since the beginning of the FTA, 584907 EUR.1 certificates have been issued for export to the EU Member States [48].

The benefits of DCFTA for Ukrainian producers include [49]:

- 1) reduction of customs barriers by abolishing more than 98% of duties on both sides;
- 2) implementation of standards and requirements of the European Union, which improves the quality of products in the domestic market and the competitiveness of Ukrainian goods;
- 3) harmonization of the business environment between the EU and Ukraine;
- 4) using the European Enterprise Network (EEN) to find partners;
- 5) the possibility of using EU tools and mechanisms to support small and medium-sized businesses, such as the COSME program;
- 6) opening of new markets due to the increasing complexity of access to traditional ones;
- 7) simplifying the attraction of technologies and innovations from EU countries;
- 8) improving access to quality technologies and plant protection products;
- 9) provision of tariff quotas for the import of certain goods into the EU.

To facilitate Ukraine's foreign trade with the EU, it was important to introduce an economic, transport and customs visa-free regime. In June 2022, the Agreement between Ukraine and the EU on Road Freight Transport was concluded [50]. The main objective of this agreement was to temporarily facilitate road freight transport between the EU and Ukraine due to the consequences of the war with Russia and significant obstacles to the operation of all modes of transport in Ukraine. This agreement ended the need for Ukrainian carriers to obtain appropriate permits for bilateral and transit traffic to EU countries, and also provided for measures to simplify the recognition of driver's documents.

According to the Ministry of Infrastructure, after the introduction of the "transport visa-free regime" in June 2022 and until the end of 2022, the number of carriers crossing the border in the direction of the EU, compared to the same period in 2021,

increased by 53%, and the number of crossings increased by 43% [51]. The Agreement has been extended until June 30, 2024.

Until June 2022, there was a standard free trade regime between Ukraine and the EU, under which duty-free exports of goods were possible only under certain quotas. However, since June 2022, an "economic visa-free regime" has been introduced between the parties, which canceled all quotas and duties on Ukrainian goods in the EU. The announced measures apply to fruits and vegetables subject to the entry price system, as well as agricultural unprocessed and processed products, which were limited by tariff and quota restrictions. According to the Association Agreement, duties on industrial goods were abolished from January 1, 2023. [52].

On May 25, 2023, the Council of the EU approved the temporary abolition of import duties on Ukrainian products for another year – until June 2024. These measures are aimed at maintaining the stability of trade relations between Ukraine and the EU and supporting the economy in the face of war.

A significant support for Ukraine's trade and economic relations with the EU is also the introduction of a "customs visa-free regime" in 2022. On October 1, 2022, Ukraine acceded to the Conventions on Common Transit and Simplification of Formalities in Trade in Goods [53]. The Common Transit Regime stipulates that Ukrainian export-import business and carriers will be able to move goods throughout the European region on the principle: one transport – one declaration – one guarantee. The consignor has the opportunity to cross the border of several countries with one declaration. A single transit document reduces the time required for customs procedures and their cost. As a result, queues at the border are reduced and the flow of goods is significantly accelerated [1, p. 559–560].

In 2022, two more "visa-free regimes" were introduced in strategically important areas of cooperation: in the energy sector and the digital economy. In March 2022, an "energy visa-free regime" was introduced. On March 16, Ukraine officially joined the unified energy system of continental Europe ENTSO-E [54] and is no longer dependent on the systems of Russia and Belarus. Three months after receiving the "energy visa-free regime", the long-awaited export of Ukrainian electricity to Europe through

Romania began. Aftermath damage to critical energy infrastructure by the aggressor in October 2022, Ukraine was able to receive electricity from the EU, which made it possible to cover its deficit [1, p. 560].

On September 5, 2022, the Agreement on Ukraine's Participation in the EU Digital Europe Program (2021-2027) was signed, which is part of the "digital visa-free regime" [55]. As part of the EU's Digital Europe program, Ukraine has gained access to funding for digital projects worth €6 billion. In December 2022, the Verkhovna Rada of Ukraine adopted draft law No. 6173, which provided for mutual recognition of qualified electronic trust services and the implementation of European Union legislation in the field of electronic identification. This step opens up new opportunities for Ukrainians in EU countries, as well as for Ukraine in general in the field of electronic identification and electronic trust services. In particular, Ukrainians will be able to use the European standard "Diia.Signature-EU" for signing documents, which complies with the eIDAS regulation of the European Union.

In 2024, Ukraine expects to sign an agreement with the EU on mutual recognition of certificates of product conformity, that is, the provision of the so-called "industrial visa-free regime" to Ukraine by the EU. The signing of this agreement was postponed several times due to the fault of Ukraine. This is due not only to the war, but also to the slow internal reform and adaptation of the domestic legal framework and standardization system to European requirements [56].

Granting Ukraine a whole range of "visa-free regimes" creates prerequisites for the growing presence of Ukrainian business in the EU market and contributes to the growth of bilateral trade and economic relations. In addition, since the beginning of Russia's full-scale armed aggression, many companies in Ukraine have been forced to reorient themselves to the EU market, and some of them have even moved their enterprises to the territory of the European Union member states. Simplified access to the EU market, provided for by the Association Agreement, is a good incentive to open Ukrainian business in the territory of EU member states, which, due to Russia's armed aggression against Ukraine, does not have proper conditions for development in Ukraine.

CONCLUSIONS

The completion of the stage of creating a common market on the path of economic integration of the European Union is characterized by the formation of an internal market within its framework, which is built on the basis of key economic and social freedoms. The internal market of the EU is not just a set of national markets of the member states, but a qualitatively new integral system, which is regulated by supranational bodies and, accordingly, increasingly acquires the features of the internal market in its classical sense for a single economic entity.

The formation and formation of the internal market of the European Union took place sequentially after the achievement of all previous forms of international economic integration and was characterized by the introduction of new legislative initiatives to regulate economic and political issues and strict economic regulators in order to achieve the stability of the single internal market.

The Single Market is perhaps the most significant and developed achievement of the EU, and the Four Freedoms is one of the most elaborate chapters of EU law, both in terms of the number of regulations adopted in this area and the number of decisions of the Court of Justice within its direct and indirect jurisdiction.

The freedom of movement of goods has become a decisive factor in the formation of the EU internal market. There are two types of restrictions on the free movement of goods: tariff and tax and quantitative. It is prohibited for any Member State to impose quantitative restrictions and measures having an equivalent effect on the import as well as on the export of goods to another Member State. Every citizen of the Union shall have the right to free movement and permanent residence in the territory of the Member States, subject to restrictions and conditions. National restrictions on the provision and receipt of services by EU citizens are prohibited. In accordance with the general principle enshrined in Art. 63 TFEU, restrictions on the movement of capital and payments between Member States and other countries are prohibited.

As for the current problems of the EU market, the Union is steadily losing ground in global trade, and the aggregate growth rate of its GDP is decreasing. The unification of the conditions for doing business in the EU is not entirely satisfactory. One of the main problems is the persistence of national fragmentation in the service sector. From the point of view of competitiveness, the formation of the internal market has led to an even greater intensification of competition between EU member states. But on the example of the financial services sector, we can see how the elimination of barriers to the movement of capital after the introduction of the euro led to a significant imbalance in investment, especially in the industrial sector. The countries located in the center of the EU won. In the domestic market, European companies, especially in the commodity sectors, are quickly losing under the pressure of suppliers from China.

As for the prospects of Ukraine's European integration, for us this is a way to improve and modernize the economy, attract foreign investment and the latest technologies, increase the competitiveness of domestic producers, free movement of skilled labor, goods, services, factors of production within the integration association, as well as access to the large internal market of the EU. Cooperation between Ukraine and the EU will contribute to the approach of our country to high levels of European standards, improving the standard of living and well-being of the population. Although at the present stage Ukraine is working on the modernization of legislation and on the regulation of other areas of the economy, we still need to work very hard to reach a level at which all EU requirements will be met. A positive trend is that the trade turnover between our country and the EU has increased significantly after the signing of the Association Agreement between Ukraine and the EU.

The full-scale aggression of the Russian Federation in Ukraine, oddly enough, created the best prerequisites for the presence of Ukrainian business in the EU market and the strengthening of trade and economic ties between Ukraine and the EU. The reasons for this were the abolition by the European Union of a number of restrictions allowed for application by the Association Agreement, and providing our country with access to a whole range of EU programs and sectoral markets in order to support Ukraine in its confrontation with the Russian aggressor. We are talking about such

“visa-free regimes” as economic (abolition of existing restrictions on trade in goods), transport (granting broad rights to Ukrainian freight carriers in the EU market), customs (simplification of customs procedures), energy (Ukraine's accession to the unified energy system of continental Europe), digital (access to the Digital Europe program), industrial (mutual recognition of technical norms and standards).

The volume of mutual trade between the parties has increased significantly. For the first time in the history of relations, Ukraine's exports to the EU exceeded Ukraine's imports from the EU. The political context for strengthening trade and economic relations between Ukraine and the EU was created by the Association Agreement, granting Ukraine the status of a candidate country, the start of negotiations on joining the EU, the provision of macro-financial, technical, military and other types of support by the European Union to Ukraine.

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