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## DOMESTIC MARKET OF UKRAINE IN AN UNSTABLE GLOBAL ECONOMY

*Tendencies of the domestic market in Ukraine in terms of the volatility of the international economic environment have been analyzed, risks for domestic commodity markets caused by increasing global imbalances have been identified. Sources maintaining the stability of the domestic market, including the development of competition between business and policy of import substitution have been identified.*

*Keywords:* domestic market, competition, market efficiency, openness of the economy, global value chain, tolling, import substitution.

*Мазараки А., Лагутин В. Внутренний рынок Украины в условиях нестабильности глобальной экономики. Проанализированы тенденции развития внутреннего рынка Украины в условиях волатильности международной экономической среды, выявлены риски для определенных товарных рынков, обусловленные усилением глобальных дисбалансов. Определены источники поддержания стабильности внутреннего рынка, среди которых приоритетными являются развитие конкуренции между субъектами предпринимательства и политика импортозамещения.*

*Ключевые слова:* внутренний рынок, конкуренция, эффективность рынка, открытость экономики, глобальная цепь создания стоимости, давальничество, импортозамещение.

**Background.** A model of the domestic market, which was formed in Ukraine over the past two decades, has exhausted its potential. In this model, the driving forces of growth in the domestic market were stimulation of consumer behavior of population and import increase. Today, Ukrainian economy has to balance between the challenges of import substitution to prevent further import growth and risks of devaluation and inflation trends

in terms of the need to stimulate domestic commodity production. Rational choice in favor of Ukraine's European integration opens up new perspectives for innovative investment model of the internal market. Under these conditions, unfavorable trends in it are caused by the influence of global instability and can have a serious threat to the implementation of policies to stimulate domestic manufacturer. It has formed the relevance of the study.

**Analysis of recent research and publications.** Problems of transformation of the domestic market of Ukraine, its structural and institutional reforms, justification of scientific approaches to determining the development strategy have been discussed in the writings of many academic economists, including: V. Vishnevskiy [1], A. Halchynskiy [2], V. Heits [3] and L. Deineka [4], A. Ignatiuk [5], T. Ostashko [6], A. Pustovoit [7], V. Sydenka [8], B. Tochilina [9], G. Fyliuk [10], M. Jakubowskyi [11] and others.

There is an understanding in domestic economic science that the basis of social and economic policy in Ukraine should be the idea of ensuring development of domestic production and domestic market. This approach makes it possible to build a system of government measures to counter the influence of external perturbations in the stagnation in global demand and maximum use of domestic resources for economic development.

Balance achieved in the global economy after the global crisis of 2008–2009 is unsustainable and fundamental global imbalances have not been eliminated. Given the high degree of openness of the Ukrainian economy and the economic losses in recent years, one should not exclude pessimistic scenarios of the internal market. Ukraine's economy is very vulnerable due to high dependence on the situation on international markets. Will policy to encourage domestic investment demand be relevant to practice in this environment?

The article **aims** to identify the latest trends of Ukrainian domestic market in acute global challenges for the national economy.

**Materials and methods.** Theoretical and methodological basis of researches were: scientific works of domestic and foreign economists in the problems of global competition, industrial organization, market mechanisms, anti-monopoly (competitive) policy.

Multidimensional nature of research has led to the use of complex of scientific methods, namely: systems approach, structural-functional analysis, comparative-typological analysis, induction and deduction, analysis of statistic data and so on.

**Results.** Domestic market (DM) refers to a system of structural components and a set of institutions in the sphere of commodity circulation, which mediates the relationship between producers – sellers and consumers – buyers inside the country. Domestic market reflects the economic relations that emerge and develop, especially in trade business, in order to establish optimal relationships between domestic producers and domestic consumers.

Investigation of the structure of DM should be combined with institutional analysis, which provides theoretical justification for market-competitive nature of the categories, learning forms, stages and levels of development of the internal market. The study investigates not only the structural relationship between individual elements of DM, but also explores more deeply their institutional transformation.

This understanding of the nature of the domestic market allows you to find a more rational way of solving the dichotomy "industry-commodity" because it is impossible to identify industry and commodity markets. While analysis of structural components of DM emphasizes the importance of macroeconomic content of branch markets, microeconomic analysis is first of all analysis of competition institute, it is inseparable from the study of commodity markets. In this regard it should be noted that the interpretation of the domestic market by A. Pustovoit is limited because it defines its essence as a "concept that integrates all areas of the national economy markets where its residents conduct a sale of goods and services" [4, p. 13].

Modern market is a complex nonequilibrium (dissipative) system. In terms of ontological meaning, the idea of non-linearity and evolutionism is central to understanding the nature of the market and competition. Market resources are personified due to the domination of private property that's why the implementation of an economic interest means the actual implementation of some form of property. Standard mechanism of this process is competition, which ultimately leads to increased market efficiency. Founder of evolutionary institutional theory Schumpeter saw the market as a process and competition as procedure of opening by entrepreneurs new uses of known resources and innovative discovery of new resources [12, p. 459–463]. Exploring the role of the entrepreneur in market interactions, J. Kirtsner wrote: "With the deployment of business process new products may appear in the market, products with new features may be developed, new methods of production, new forms of industry organization, financing, marketing and risk management can be introduced. All this continuous activity and excitement of the market should be seen as a result of continuous process of discovery, which market consists of" [13, p. 30].

Domestic market is effective, when it demonstrates its ability to diversify capital flows and ensure that they flow into the most promising economic activities that stimulate domestic supply rather than demand for imported goods.

While the neoclassical concept of market efficiency is usually determined by maximizing the utility of individuals, the possibility of a mutually beneficial contracts and equal access to information contained in the market prices of goods, institutionalists believe that market efficiency and profitability of market concluding contracts depends on how effective institutions are, consequently market efficiency is a result of certain institutions' impact on the market.

The current period is characterized by the return of a country in the economy and its constructive role in market regulation, the emergence of several new features in terms of anti-crisis governance. However, this trend does not deny the long-term tendency to strengthen the role and importance of market self-regulation. This approach should not be called market fundamentalism [14, p. 68], which is usually subjected to total criticism. Market, competition and market-competitive relationship objectively occupy a leading place in the modern economic system.

Restriction of competition and deterioration of the competitive environment in the domestic market is reducing its efficiency: allocative (part of the consumer surplus increases due to increased output) [15, p. 77–87], production (X-efficiency, which arises as a consequence of increase of entrepreneurs' motivation to reduce production costs in the absence of competitive pressure) [16, p. 392–415], dynamic (expanding the innovative activities of business entities aimed at upgrading production technology and product range) [17] and distribution (competition activation and costs reduction of monopoly to support market power) [18, p. 224–232].

The internal market mechanism is mega system of information capabilities. The combination of commodity markets is based on vertical and horizontal principles of free capital movement, providing unique information capacity of DM. However, in the domestic market of Ukraine due to the high degree of asymmetry of information (a situation where some economic actors have a greater share of market information than others) unfair competition is widespread. Asymmetry of market information created for some market players of market relations gives opportunity to abuse others. There are two main effects of asymmetric information – adverse or negative selection and moral hazard. In the commodity market effects of asymmetric information lead to adverse consequences. Thus, under these conditions, sellers of high quality goods (paradoxically) suffer or leave the market.

The theoretical basis of research related to the problems of asymmetric information in the market are the works of Nobel laureates in economics J. Akerlof [19, p. 488–500] and M. Spence [20, p. 591–597; 21, p. 355–374], which showed that markets are imperfect concerning the access of market actors to complete and accurate information, especially about the price, necessary for making good decisions.

The methods of reduction of asymmetric information on the part of consumers in DM, and hence limit unfair competition include: consumer rights protection, liability of manufacturers and sellers for false information, labeling, quality standardization and so on. Virtually every country has laws on consumer protection, but it is always possible to make the exchange of information asymmetric, and the less-developed institutional framework of consumer protection is, the greater the asymmetry.

The contradictory effect of the current global instability in the development of the internal market should be considered in the context of the globalization process of commodity production.

The content of influence mechanism of commodity production globalization on the development of DM is advisable to analyze on the model-based global value chain by G. Jerefi. In this model, the market is seen as a set of interconnected serial exchange links which are based on technological chain of production and sale of goods (value chain) [22, p. 95–122; 23, p. 37–70]. The development of the modern world economy is accompanied by the formation of global value chain that connect the "core", "semi-periphery" and "periphery". Thus the movement from raw materials, intermediate products to final products is carried by the vector from the "periphery" to the "core". Globalization forms two main types of value chain – one that is controlled by the producers (mainly high-tech industry) and one that is controlled by buyers (mainly consumer goods market).

The main institutions of the global value chain are the transnational corporations. In modern terms a trend clearly forms towards vertical disintegration of transnational corporations and industrialization in developing countries. Transnational corporations are increasingly focusing on innovation, new product development, marketing, segments of goods and services with high added value and refuse to perform "non-key" functions related to the provision of normal services and production, based on the amount [24, p. 78–79].

Today, the trends transforming the value chain in the global economy are becoming more and more clear. "Semi-periphery" countries are increasingly moving away from simple conveyor production, where they worked on imported semi-finished products for alien technology under the control of the leading "core" companies to a more complex system providing full service (full-package sourcing). This global chain provides a higher degree of autonomy when there are elements of the original production of finished products, and in the future – to manufacture their own brands (original brand name manufacturing, OBM), much of which is associated with copying modern samples from developed countries.

In the post-Soviet countries such as Ukraine, a different model of the value chain was formed, which is based on a system of outward processing trade or tolling schemes. In this chain "core" companies export materials and semi-finished products (goods made on commission) in the "periphery" and then re import finished product [25, p. 63–88]. In Ukraine, the tolling scheme has been operating since 1990's. These schemes have made it possible for many Ukrainian companies to get involved in outward processing trade, enabling them to more or less successfully navigate the crisis.

The tolling scheme refers to processing within the country imported goods or goods made on commission conditionally relieved from payment of import duties and taxes, if they are intended for manufacturing, processing or repair and subsequent export of the final product from the country-processor [26, p. 100–113; 27, p. 32–33]. In the present context tolling is used by large integrated companies and commercial organizations created by them abroad as a means of reducing the cost of production with its relocation to countries with cheaper energy and natural resources, labor, that

provide minimum tax, customs and logistics costs. Tolling operations are transformed into an instrument of redistribution of resources and improve the efficiency of customers ("core" companies) under the terms of simple "ousting" of "periphery" enterprises.

In Ukraine, the main arguments in favor of preserving tolling operations can be considered lack of working capital in processing enterprises to purchase raw materials for production. In the implementation of tolling operations processors don't need the costs for procurement of raw materials, compared to the production on normal commercial terms. However, this situation creates a dependency on one source of supply of raw materials and essentially destroys the resource base in the country.

Opportunities of domestic enterprises to quit mechanisms of *outward processing trade* and especially the formation of their own value chain are extremely limited. Obviously, it is unrealistic to immediately abandon the tolling schemes in Ukraine, but it's possible to do it gradually. However, this requires appropriate financial and economic conditions. First of all, government support in securing raw materials, expanding the amount of available credit, introduction of modern equipment and investments.

Optimal balance between consumption and savings as a form of rationalization of the economic behavior of market actors is important for efficient organization of the domestic market. The problem of correlation between consumption and savings for the first time in a macroeconomic sense was examined by John Maynard Keynes and is now widely used by economic science [28, p. 101–140].

Consumption generates DM capacity, savings make the prospects of its dynamics. *Table 1* on the basis of national accounts data shows the extent and uses of disposable income on consumption and savings in the economy of Ukraine.

Table 1

**Final consumption expenditure and gross savings in Ukraine  
in 2001–2012, bln UAH \***

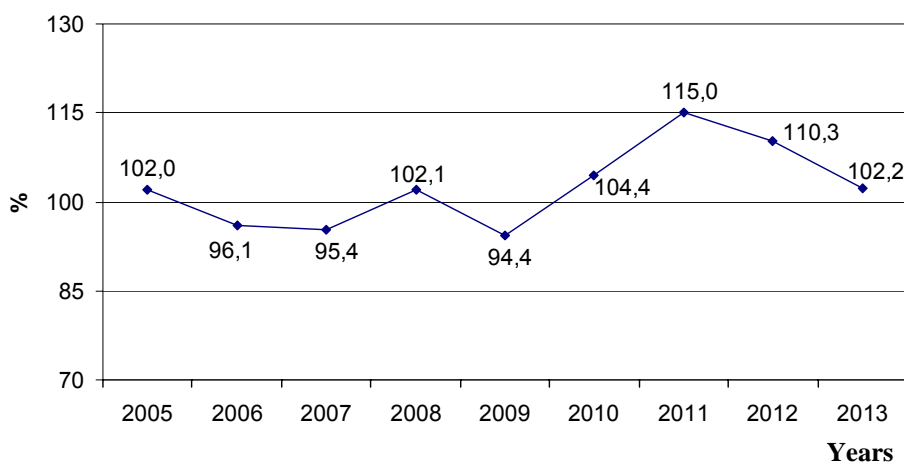
Index (by sector)	2001	2003	2005	2007	2010	2011	2012
Final consumption expenditure	156.3	201.6	337.9	558.6	914.2	1113.0	1287.5
Non-financial corporations	–	–	–	–	–	–	–
Financial corporations	–	–	–	–	–	–	–
General government	40.0	50.8	80.6	129.0	220.0	237.4	276.3
Households	112.3	146.3	252.6	423.2	686.0	865.9	1002.0
Non-profit institutions serving households	4.0	4.5	4.7	6.4	8.2	9.7	9.2
Gross savings	52.2	74.3	113.4	177.2	197.6	208.4	198.7
Non-financial corporations	31.4	36.4	41.4	77.2	39.5	36.2	27.8
Financial Corporation	4.0	6.1	12.3	27.1	41.5	47.7	15.5
General government	9.5	14.9	13.0	24.0	-49.2	-3.4	-20.7
Households	7.2	16.7	46.2	48.5	164.7	126.5	175.3
Non-profit institutions serving households	0.1	0.2	0.5	0.4	1.1	1.4	0.8

\* Prepared according to [29].

In general in Ukraine in 2000–2013's share of gross household savings amounted to 15–16 % of the total use of disposable income, final consumption expenditure – 84–85 %. A characteristic feature is the dynamic change in the structure of final consumption expenditures, a growing share of which falls on the individual costs and ever smaller – the collective (2000 – respectively 90 % and 10%, in 2010 – 92% and 8 %). The difference between the two lies in the nature of consumption, individual consumption expenditures are related to the use of individual consumer goods, regardless of the use of other consumer goods, collective costs – along with other benefits.

At first glance, households (population) of Ukraine demonstrates relatively high tendency to consume (*see table 1*). But high prices for goods and services, spending on health and education reduces opportunities for other uses of disposable income of households. The situation for different structural segments and institutional sectors of the domestic market is usually different. There fore, a scientific development of optimization models of macroeconomic proportions "consumption-savings" is necessary.

High risks for the development of the internal market are associated with a significant degree of openness of the Ukrainian economy (the volume of imports of goods and services made up in 2013 55.4% of GDP in 2009 – 48 % of GDP and exports, respectively – 46.9 % and 46.3 %) [30, p. 10]. Since 2006 the volume of import in Ukraine regularly exceeds export and current account balance is negative. As shown in *figure 1*, after reducing the degree of openness of the domestic economy in crisis 2009 level of openness in 2010–2011 increased, but in 2012–2013 this figure dropped again. Resources for growth in Ukraine in modern terms are formed mainly by export earnings and foreign trade, which cannot be optimal macroeconomic scenario of the internal market.



**Figure 1. The degree of openness of the economy of Ukraine in 2005–2013 years**

(Openness of the economy is defined as the ratio of foreign trade to GDP) [30, p. 10]

The high level of dependence on the world market creates challenges for the Ukrainian economy. International practice shows that underdeveloped countries are directly dependent on world commodity markets, thus external factors. Any internal action in these circumstances give short-term positive effect that over time, as a result of the impact of significant negative external factors, in fact, is reduced to nothing.

The national economy of Ukraine in modern conditions has acquired clearly defined open nature to the global economy (*table 2*).

Table 2

**The evolution of the foreign trade of the national economy of Ukraine**

Indicators	2005	2008	2009	2010	2011	2012	2013
Current account balance, million USD	2531	-12763	-1732	-3018	-10245	-14315	-16355
Current account balance to GDP,%	3.0	-7.0	-1.5	-2.2	-6.3	-8.1	-9.0
Exports of goods and services,% of GDP	51.4	47.1	46.3	50.7	54.4	51.1	46.9
Imports of goods and services, % of GDP	50.6	55.0	48.0	53.7	60.6	59.2	55.4
The balance of the capital account and financial account, million USD	-2660	12232	1389	1664	9259	12940	16536
Gross external debt, billion USD (IMF methodology)	39.6	101.7	104.0	117.3	126.2	134.6	142.1
Gross foreign debt,% of GDP	45.9	55.9	88.3	86.0	77.3	76.4	78.1
International reserves, billion USD (as of end of period)	19.4	31.5	26.5	34.6	31.8	24.5	20.4

\* Prepared according to [30, p. 10].

Serious problem is the reduction of international reserves, making it impossible for NBU to act on currency market. This automatically leads to a periodic perturbation devaluation of the hryvnia and the forced removal of restrictions on the foreign exchange market, thus the actual transition to a flexible exchange rate. The current balance is covered by international reserves. From the 2010 to 2013 Ukraine lost because of this 14.2 billion USD of its international reserves. The devaluation of the hryvnia causes higher prices for goods that nothing can replace on the domestic market, because of the absence of domestic production. These manufacturers "disappeared" because they had become redundant in terms of reduction of DM. For their recovery and overcoming structural imbalances in the economy significant amounts of investment resources are required.

Another important aspect that affects the domestic economy is the dynamics of exchange rate and consumer prices. Currently the exchange rate directly affects the growth of wholesale and retail prices. Imported goods, fuels and lubricants are becoming more expensive, and consequently the retail prices of most goods.

Due to the devaluation of the hryvnia national producers have significant losses. Thus, in agriculture maximum foreign currency exchange loss in the first

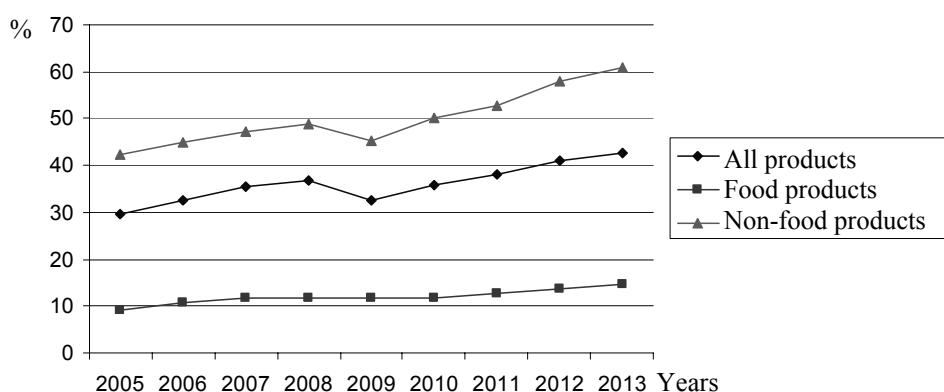


quarter of 2014 amounted to 366 million USD with revenue at 309 million USD in the country's largest agricultural holding "MHP". In the "Industrial milk company" this index is lower – 31.7 million USD (revenue – 10.66 million USD); in "Milkiland" – 46.79 million Euro (revenue – 77.29 million Euros), "Astarta" – 69.98 million (revenue – 89.44 million) [31]. The capitalization of Ukrainian agricultural companies is now at its lowest level since 2009. All companies whose securities are traded on the European stock markets show lower cost of their assets.

In the retail hryvnia devaluation reinforces the dominance of retailers in relations with suppliers. Suppliers of imported goods that have external contracts with deferred payment in foreign currency are in the worst situation because they actually sell the product at 'former' prices. In turn, the large retail chains pay suppliers in UAH by delayed payment, often for several months, which is why wholesale companies are forced to operate at a loss. In addition, retail store chains reduce the range of imported products. Constant indexing (increase) of the retail price of imported goods in supermarkets is profitable for supermarkets, because they "earn" on the remains of production. Previously, domestic retailers actively expanded portfolio of their own brands by imports, now import from abroad is not profitable for retailers. In fact, there is import substitution – retailers increase the proportion Ukrainian own brands.

The issue of competition for domestic producers with foreign goods is very acute on the domestic market of Ukraine. In today's open for global trade world even countries with liberal model of economic development use protectionist measures to protect their producers. Support tools range from duties on imported goods to the use of instruments of monetary and exchange rate policy. This refers primarily to the introduction of coordinated mechanism for ensuring secure access for really quality goods and services to the domestic market.

Excessive saturation with imported products is an acute problem in Ukrainian domestic market (*figure 2*).



**Figure 2. The share of imported consumer goods in Ukraine through a sales network of an enterprise in 2005–2013 [32]**

As shown in *figure 2*, after a slight decline in the share of imported goods in 2009 in the following years, the figure began to increase again. Especially significant is the share of imports in the sale of consumer goods.

*Table 3* shows ten food and goods on importing which in 2013 is the largest share of sales in the domestic trade of Ukraine (sold through a sales network of the enterprise).

Table 3

**The largest number of imported food and goods in Ukraine through a sales network of an enterprise in 2013 [32]**

Goods	Share, %
<b>Food products</b>	
Coffee	55.6
Fruits, berries, grapes, nuts (including melons)	47.5
Canned fruit and berry	44.4
Fish and seafood	38.6
Wines	31.1
Tea	30.2
Canned goods, prepared foods fish	29.3
Pasta	24.4
Canned food	22.5
Cognacs	19.4
<b>Non-food products</b>	
Motorcycles, scooters, mopeds	99.4
Computers and other gadgets	99.1
Photographic equipment	98.3
Watches	98.1
Shoes	97.7
Hats (except fur and knitwear)	95.7
Knitted clothes and underwear	95.0
Leather, fur and other products	93.6
Clothes and linen fabric	93.2
Household equipment	88.5

\* Production of coffee in Ukraine is limited mainly to packaging

Issue of development of the domestic market in Ukraine – the need for the policy of import substitution is discussed. Opinions on import among modern economists and politicians are ambiguous. For example, I. Valerstein estimated import-substituting industrialization as simple corruption [33, p. 73].

The effect of import substitution is still evaluated in different ways: on the one hand, the ineffectiveness of such policies is highlighted (referring usually to the experience of Latin American countries), on the other hand it is proved that the proper application of the import substitution program allows to achieve significant positive results (this conclusion is reinforced by experience of Latin America). Many countries in Africa and Asia in the 1990's deliberately abandoned protectionism and market protection and agreed to the proposed doctrine of liberalization of foreign economic relations. However, real progress in this direction has not been achieved.

The policy of import substitution is provided by state support for domestic production by subsidy, or by raising fees, administrative barriers, import quotas and other protectionist measures. The denial of import substitution is based on the ideas of efficiency of liberalization of foreign economic relations – the free movement of goods, services and capital. Import substitution is a form of manifestation of qualitative changes in commodity supply in the domestic market development. Import substitution in the structure of commodity supply and reduction of dependence on imports in the current environment is one of the priorities of the DM.

In the pre-crisis (until 2008–2009) period was considered that the policy of import substitution had exhausted itself. However, the global financial and economic crisis has forced to critical review of postulates of free international trade. During the crisis, many countries did not carry out in full liberal rules imposed by international organizations.

In modern conditions promising is a model of import substitution, which provides relationship between tools to displace imports from DM and incentives for the development of domestic production oriented on export. This model involves protectionist measures to protect domestic producers and expansion of foreign markets. The openness of the domestic market has the effect in terms of economic growth. In other conditions there is a need for government support of own commodity production, taxes increase and expansion of non-tariff barriers. The combination of import substituting and export-oriented policy implies public stimulation of domestic production of goods of short- and medium-term use for the purpose of import substitution and export oriented manufacturers. This very model may be the most viable for the economy of Ukraine. The model when domestic companies work for export and domestic Ukrainian market is "glutted" with cheap low-quality foreign goods is inefficient. Low competitiveness of domestic producers in the domestic market adversely affects the dynamics of creation (saving) jobs.

Implementation of the policy of import substitution is not possible without meeting the growing needs of national commodity production in investment (funding). It is about the need to compensate for chronic underinvestment of domestic producers, as well as ensuring proper investment of the process of production. Thus, improving conditions for investment and support of domestic exporters in developing new export markets acquires priority.

New investors will enter the process of domestic commodity production under the condition of maintaining fair competition. It is about creating a better investment climate, protecting investors, improving the ease of doing business, tax simplification, empowerment of borrowing to invest, improving customs procedures, reducing lending rates including the ones on the basis of budget subsidies and so on. It is important to the effective management of interest rates (both lending and deposit). It is essential to ensure that foreign investors consistently follow the practice of reinvesting the proceeds into Ukraine's economy, leaving investment income

within DM. For this it is important to establish a reliable system of protection and promotion of investment, protection of intellectual property.

Formation of a national model to protect the domestic market in terms of its integration into the globalized trade system is essential. Many common international practice methods and tools to protect DM are not used in Ukraine. International experience in foreign trade regulation is not used enough, which would facilitate the solution of important problems of the national economy. Socio-economic development of many developing countries shows that in the absence of a developed domestic trade shows that economic openness leads to excessively severe pressure of imports on the development of domestic markets.

In fact, Ukraine's accession in 2008 to the WTO has not changed anything in this unfavorable situation. In the WTO, Ukraine belongs to the group of RAMs (Recently acceded members). As of March 2012, this group consisted of countries that have negotiated and acceded after 1995 Having made major steps required to bring the foreign trade regime into conformity with the rules and requirements of the WTO, Ukraine has only increased the openness of its domestic market. The influence of the international situation has made the problem of efficient development of the national parliament even more controversial. Following the accession of Ukraine to the WTO, the most sensitive to the reduction of tariff and non-tariff protection was agricultural and food market, especially as a result of increased imports of meat and meat products.

The formation of a free trade area with the EU creates a potential for expanded domestic goods entering the European markets, but to realize this potential opportunity the state is required to actively encourage and support Ukrainian producers and exporters.

**Conclusion.** National pragmatism and systemic transformation make it possible to significantly increase the effectiveness of the internal market. In the new global economy information combined with the intellectual and social capital creates more competitive advantages for individual countries and markets than their natural resources. In strategic terms, this involves, first of all, information transparency, anti-corruption approaches and strong development of competition.

Improving the business environment will improve the investment climate, contribute to the fight against corruption, which eventually should cause a flow of investment and development of the internal market. First of all, it comes to public administration reform, fiscal decentralization, tax reform and simplification of the business environment that will become powerful sources of economic growth and lead Ukraine out of recession.

The priority trend of the domestic market in Ukraine is to move to investment and innovation model, which should provide an effective restructuring of the real sector of the economy and create the conditions for a significant increase in the competitiveness of domestic producers on both

domestic and foreign markets. Transition to investment and innovative development model of the domestic market in Ukraine under current conditions is directly related to provision of exogenous and endogenous prerequisites for sustainable economic growth. Erik S. Reinert, analyzing the development of the two, in his opinion, the most successful countries in the last 60 years – China and India, said: "Only innovation under conditions of dynamic, but imperfect competition in industrial markets helped to raise the rate of wages in these countries and eliminate poverty. Ukraine has the advantage that it is a big market and it has examples to be followed "[34, p. 9].

In practice major trends transforming the domestic market in Ukraine under current conditions is determined primarily by axiological choice: whether internal domestic market stays in the post-socialist institutional system of coordinates with monopolized markets, the dominance of shadow and corruption schemes and excessive state intervention in the market economy and business market subjects? Or future internal market will be functioning on the basis of the principles of effective competition, economic feasibility, the state has functions adequate to market economy? This is actually a choice between creating modern effective sectoral structure of the domestic market with high institutional development capacity and partial structural improvements in the current economic model of the internal market, which has no institutional perspective, especially in the increasingly global instability of the world economy.

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**Мазаракі А., Лагутін В. Внутрішній ринок України в умовах нестабільності глобальної економіки.**

**Постановка проблеми.** Розглянуто актуальне питання розвитку внутрішнього ринку в Україні у контексті політико-економічного пошуку рівноваги між викликами імпортозаміщення і ризиками девальваційних та інфляційних трендів. Питання досліджено на основі вивчення широкого масиву статистичних даних.

**Аналіз наукових досліджень і публікацій** з цієї проблематики свідчить, що серед науковців точаться дискусії з приводу пояснення проблем трансформації внутрішнього ринку та обґрунтування наукових підходів до визначення стратегії його розвитку. При цьому пріоритетним є завдання забезпечення розвитку внутрішнього виробництва. Матеріали статті містять сценарії розвитку внутрішнього ринку, які впливають з високого ступеня залежності економіки України від ситуації на міжнародних ринках. Таке розуміння питання вимагає виявлення сучасних трендів розвитку українського внутрішнього ринку за наявності гострих глобальних викликів для національної економіки, що і є **метою дослідження**.

**Матеріали та методи.** Теоретичною та методологічною основою дослідження слугували наукові праці вітчизняних і зарубіжних економістів з проблем глобальної конкуренції, промислової організації, ринкових механізмів, антімонопольної (конкурентної) політики. Багатоаспектний характер дослідження обумовив застосування комплексу наукових методів, а саме: системного підходу, структурно-функціонального аналізу, порівняльно-типологічного, аналізу і синтезу, індукції та дедукції, аналізу статистичних даних та ін.

**Результати дослідження.** Внутрішній ринок відображає економічні відносини, що виникають і розвиваються в сфері торговельного підприємництва, з метою налагодження оптимальних взаємозв'язків між національними товаровиробниками і вітчизняними споживачами. Дослідження структури внутрішнього ринку важливо поєднувати з інституційним аналізом, пізнанням форм, стадій і рівнів розвитку ринку. Визначено не лише структурні залежності між окремими елементами внутрішнього ринку, а й глибше досліджено їх інституційні трансформації.

**Висновки.** Пріоритетним трендом розвитку внутрішнього ринку в Україні є перехід його до інноваційно-інвестиційної моделі, яка має забезпечити дієву реструктуризацію реального сектора національної економіки. У сучасних умовах цей перехід безпосередньо стосується екзогенних та ендогенних умов сталого економічного зростання. Проте для цього необхідно здійснити реформу державного управління,

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*інституційну децентралізацію, істотно полішити конкурентне середовище товарних ринків та лібералізувати умови ведення підприємництва, що мають стати потужними джерелами зростання внутрішнього ринку і виведення економіки України зі стану рецесії.*

*Ключові слова:* внутрішній ринок, конкуренція, ефективність ринку, відкритість економіки, глобальний ланцюг створення вартості, давальництво, імпортозаміщення.