

DOI: 10.5281/zenodo.2571415
 UDC Classification: 336.71.078.3
 JEL Classification: F13

DUMPING AND ANTI-DUMPING PROCEDURES IN THE CONTEXT OF EURO-INTEGRATION COURSE OF UKRAINE

ДЕМПІНГ ТА АНТИДЕМПІНГОВІ ПРОЦЕДУРИ В КОНТЕКСТІ ЄВРОІНТЕГРАЦІЙНОГО КУРСУ УКРАЇНИ

Glib I. Zadorozhko, PhD in Economics, Associate Professor
Odessa National Polytechnic University, Odessa, Ukraine
 ORCID: 0000-0002-4128-8798
 Email: g.i.zadorojko@opu.ua

Yury O. Nikolayev, PhD in Economics, Associate Professor
Odessa I.I. Mechnikov National University, Odessa, Ukraine
 ORCID: 0000-0003-0365-7721
 Email: yonik@ukr.net

Georgy D. Paches
Odessa I.I. Mechnikov National University, Odessa, Ukraine
 ORCID: 0000-0002-1549-0693
 Email: georg.paches@gmail.com
 Received 01.10.2018

Задорожеко Г.І., Ніколаєв Ю.О., Пачес Г.Д. Демпінг та антидемпінгові процедури в контексті євроінтеграційного курсу України. Науково-методична стаття.

У статті досліджено вплив демпінгу та антидемпінгових процедур на міжнародні інтеграційні процеси у контексті євроінтеграційного курсу України. На основі дослідження теоретичних підходів до визначення поняття міжнародної економічної інтеграції та виявлення сучасних особливостей розвитку форм міжнародної інтеграційної взаємодії, окреслено та розкрито світові тенденції та економічні ефекти функціонування регіональних інтеграційних угруповань. Особливу увагу приділено модифікації форм міжнародної економічної інтеграції. Побудовано модель, яка демонструє залежність зовнішньоторговельного обороту між Україною та ЄС від кількості ініційованих антидемпінгових розслідувань між Україною та ЄС. Визначено перелік рекомендацій для поліпшення економічної політики в міжнародних відносинах України і ЄС.

Ключові слова: демпінг, міжнародна торговельно-економічна інтеграція, регіональне інтеграційне угруповання, інтеграційна модель, група інтересів, євроінтеграційна стратегія

Zadorozhko G.I., Nikolayev Yu.O., Paches G.D. Dumping and anti-dumping procedures in the context of euro-integration course of Ukraine. Scientific and methodical article.

The article examines the impact of dumping and anti-dumping procedures on international integration processes in the context of the European integration course of Ukraine. Based on the study of theoretical approaches to the definition of the concept of international economic integration and the identification of contemporary peculiarities of the development of forms of international integration interaction, the world tendencies and economic effects of the functioning of regional integration groups are outlined and disclosed. Particular attention is paid to modifications to forms of international economic integration. A model was developed that demonstrates the dependence of foreign trade turnover between Ukraine and the EU on the number of initiated anti-dumping investigations between Ukraine and the EU. The list of recommendations for improving the economic policy in the international relations of Ukraine and EU was detected.

Keywords: dumping, international trade and economic integration, regional integration arrangement, integration model, interest group, strategy of european integration

The Uruguay Round and the creation of the WTO in 1995 led to a significant reduction in tariffs throughout the world. At the same time, tariff and other trade barriers are reduced or eliminated, but countries are increasingly turning to protection measures that are not in contradiction with the requirements of the WTO. Three instruments are used – anti-dumping, anti-subsidy (or compensatory), special protective equipment – to protect its own production from the dumped prices of importers and massive imports. According to the leading world scholar A. Aggarwal [1], of these three instruments, anti-dumping remains the dominant mechanism in modern international trade relations.

The hypothesis presented in the research article is that a complete abandonment of dumping practices will significantly accelerate the trade turnover between Ukraine and the EU. The proof of the validity of this hypothesis is carried out by us empirically using a regression model.

We consider the important precondition for effective trade relations between Ukraine and the EU to be the fact that the integration processes between these partners are objective from the point of view of modern regional and world development.

The development of regional integration groups in the modern world economy, on the one hand, has gained a global character by its degree of distribution (the number of deals covered by countries, regions, areas of regulation), on the other hand, – evolved from simple schemes to more advanced forms of integration. At the same time, free trade zones, which function as a flexible and selective instrument for access to strategic markets, while preserving the independence of trade policy towards third countries

and allowing the implementation of integration strategies of countries with different levels of socio-economic development, dominate in the structure of the respective groups of countries of the world. At the same time, the declared strategic goal of Ukraine's accession to the EU was reflected mainly in the foreign policy dimension, which led to the ineffectiveness of the previous integration strategies. The preconditions for the transition from cooperation to integration are logical in view of the real outreach beyond traditional cooperation, as evidenced by the start of the EU-Ukraine Association Agreement, which should lead Ukraine to a qualitatively new level of economic relations with the EU and may become one of the most ambitious trade and political agreements concluded by the European Union. The strategy of Ukraine's integration into the EU needs a radical rethink taking into account the current strategic priorities of the foreign economic policy of the state, the achievements and miscalculations of bilateral cooperation, the results of the implementation of the Association Agreement between Ukraine and the EU and the current state of the country's internal economic development.

Analysis of recent researches and publications

The problem of international economic integration as a specific economic phenomenon of world economic development was studied in the works of A. Aggarwal [1] and other. Considerable scientific achievements on this issue, especially in the context of the contradictory processes of globalization of the world economy, are the works of domestic scientists: O. Shnirkov [2], D. Lukianenko [3], M. Snihurovsky [5].

O. Shnirkov defines international economic integration as a qualitatively new stage of development and a form of manifestation of the internationalization of economic life, which involves convergence and mutual adaptation, interweaving of all structures of national economies [2]. In the writings of the well-known Ukrainian expert on globalization D. Lukianenko, the modern integration process has a two-tier structure. If, at the micro level - the levels of individual economic entities, the process of formation of intra-firm markets, then the macro-level integration is embodied in the development of interstate integration (trade) groups – economic unions of countries with one level or another level of harmonization of their national policies [3].

The current trends in the development of forms of international integration of the countries, especially the formation of the priorities of the policy of trade and economic integration of the European Union with the third countries, the nature and peculiarities of the influence of interest groups on the integration processes with the participation of the EU are not sufficiently researched; need to improve the principles and measures to implement the European integration strategy of Ukraine under the terms of the Association Agreement between Ukraine and the EU. The foregoing determines the importance and timeliness

of the study, the results of which are described in this article.

The aim of the article is to provide scientific substantiation of key trends and parameters of the strategy of regional trade and economic integration of Ukraine and the EU on the basis of a comprehensive analysis of the current tendencies of modification of forms of integration interaction and models of EU regional integration with third countries. Within the framework of the investigated strategy, it is important to determine the impact of dumping and anti-dumping procedures on international integration processes in the context of the European integration course of Ukraine.

The main part

The transition from classical "good neighborly" cooperation to integration with the EU is undoubtedly the most ambitious foreign economic project of Ukraine since independence. However, today it can be stated that the country has not been able to fully implement any of the existing integration strategies at different times and under different socio-economic conditions.

Only in 2007, in view of the expiration of the 10-year period of the Partnership and Cooperation Agreement (PCA), which regulated relations between Ukraine and the EU since 1998, a dialogue began on the transition of the bilateral relations to a qualitatively new level.

The geopolitical and political preconditions for the transition from cooperation to integration are largely objective in nature, since the EU's expansion to the East and the emergence of a common border with Ukraine (the largest among the neighboring countries) have a priori changed the geopolitical situation in Europe. The development of a new security concept in the context of EU enlargement, based on the security of the Union's geographic perimeter, contributed to the development of individual initiatives to enhance interoperability on a mutually beneficial basis.

The complex of these preconditions led to the emergence of the nature of real interaction beyond the classical cooperation, and, accordingly, the PCA. In particular, already at the time of the preparation of the Ukraine-EU Action Plan, it was clear that the legal framework of the bilateral relations did not correspond to the realities, so it covered a much wider range of issues and areas than the PCA.

After lengthy bilateral consultations during the 12th Ukraine-EU Summit in Paris in September 2008, it was agreed to conclude a new agreement on the principles of association with appropriate fixation in the title of the document. For Ukraine, the attractiveness of an associated type of transaction is that it was this status that had agreements with the CEE countries.

According to the results of the summit, it was agreed that the new agreement, which had the working name "strengthened", envisages the political association and economic integration of Ukraine with the EU.

At the heart of the Association Agreement between Ukraine and the European Union, which is already in force today, is the rapprochement between Ukraine and the EU on all issues of economy, politics, security, and ensuring Ukraine's direct participation in EU agencies and programs. At the same time, it should be borne in mind that in Ukrainian society there is an incorrect interpretation of associative relations that do not have any direct legal connection with the opening of the prospect of membership.

According to the Lisbon Strategy, economic integration is being built through the creation of an "in-depth and comprehensive free trade area based on four freedoms" [4], which opens up for Ukraine access to the EU's internal market. One of the preconditions for the start of official talks on the free trade area with the EU (February 28, 2008) was Ukraine's accession to the WTO. Political statements regarding the economic content of future agreements sound rather ambitious: "the format and content of the future FTA will be aimed at achieving the deepest possible economic integration that will not have analogues in the previous practice of the EU" [5, c. 56]. At the same time, the economic preconditions for effective economic cooperation between Ukraine and the EU are largely determined by the introduction of norms, rules and principles in the field of regulating foreign trade in goods and services and related trade policy areas in connection with the obligations of Ukraine as a member of the WTO.

We have built a model that demonstrates the dependence of foreign trade turnover between Ukraine and the EU on the number of initiated anti-dumping investigations between Ukraine and the EU and other key factors. For this purpose, this foreign trade turnover was taken as a dependent variable. Independent variables were the following: the number of initiated anti-dumping investigations between Ukraine and the EU; exchange rate of hryvnia against the US dollar as the main currency of international settlements; the balance of payments of Ukraine as the main foreign economic indicator; the ratio of interest rates in Ukraine and the EU respectively, as one of the factors affecting the price of export goods; the ratio of inflation rates in Ukraine and the EU, which also affects the conditions of foreign trade, including prices. The model is based on annual statistics of values of corresponding indicators for 1995 – 2017 years [6].

The model we have obtained has the following form (1):

$$\begin{aligned} \text{Trade} = & 130.547 + 48.06\text{EXR} + 0.031\text{BOP} + \\ & + 0.22\text{INTR} - 7333.6\text{ADI} - 8.57\text{NFL} \end{aligned} \quad (1)$$

$$R^2 = 92\%, F = 181,$$

where: Trade – foreign trade turnover between Ukraine and the EU;

EXR – exchange rate of hryvnia to US dollar;

BOP – balance of payments of Ukraine;

INTR – ratio of interest rates in Ukraine and the EU;

ADI – number of initiated anti-dumping investigations between Ukraine and the EU;

INFL – ratio of inflation rates in Ukraine and the EU.

Thus, the constructed model is adequate. It is 92% describing the change in foreign trade turnover between Ukraine and the European Union. The Fischer coefficient is 181, which is much higher than its critical value. That is, the model of foreign trade turnover of Ukraine and the EU by 95% explains its change due to the following factors: the number of initiated anti-dumping investigations between Ukraine and the EU; the change of the exchange rate of hryvnia against the US dollar, the balance of payments of Ukraine, the ratio of interest rates in Ukraine and the European Union, the ratio of inflation rates in Ukraine and the EU. At the same time, the most significant variables are the number of initiated anti-dumping investigations between Ukraine and the EU, as well as the balance of payments of Ukraine.

The number of initiated anti-dumping investigations between Ukraine and the EU has a reverse relationship with foreign trade turnover. That is, the increase in the number of such investigations will lead to a reduction in trade turnover between Ukraine and the European Union. This is explained by the fact that as the number of anti-dumping investigations increases, the incentives for exporters and importers to reciprocate trade diminish. It follows that both Ukraine and the EU must objectively be interested in further reducing the number of dumping manifestations and the corresponding anti-dumping procedures in mutual trade. We are invited to create a joint permanent anti-dumping committee Ukraine-EU, which would deal with similar problems.

The second significant variable is the balance of payments of Ukraine. There is a direct link between this variable and foreign trade turnover. That is, the growth of the balance of payments leads to an increase in foreign trade between Ukraine and the European Union.

Less important factors are the ratio of interest rates and inflation rates in Ukraine and the EU. At the same time, the ratio of interest rates to foreign trade turnover has a direct link. This suggests that the growth of the ratio leads to an increase in the turnover of foreign trade between Ukraine and the European Union. As the ratio increases, either the growth of interest rates in Ukraine increases, which increases the demand for financial assets of the country, that is, the export of financial assets increases and trade turnover improves; or there is a reduction in interest rates in the EU, which in turn leads to a search for more favorable investment options (because the interest rate shows the profitability of financial assets). The ratio of inflation rates in Ukraine and the EU has a backlash with foreign trade turnover. Such a connection is related to the exchange rate. With the growth of inflation in Ukraine, there is a depreciation of the national currency, which in turn leads to a reduction in foreign trade turnover at the expense of the growth of the dollar. And the reduction of inflation in the EU leads to an increase in European exports, that is, an increase in imports into Ukraine, and thus to a reduction in the turnover of foreign

trade. The exchange rate of hryvnia is a statistically insignificant variable.

Undoubtedly, the EU is the largest foreign investor in Ukraine: direct investments of EU member states into the Ukrainian economy amounted to 28.17 billion dollars. as of December 31, 2017 (79% of the total FDI in Ukraine) compared to \$ 22.91 billion. as of December 31, 2016 (77.5% of the total FDI in Ukraine) [7]. At the same time, the potential for attracting investments to Ukraine is significantly offset by political instability and unfavorable investment climate. According to the constructed model, the foreign trade turnover between Ukraine and the EU is most affected by the well-being of the population of each country or region as a whole. This is expressed in the ratio of GDP per capita in Ukraine and, accordingly, in the EU. Also, the balance of payments of Ukraine has an effect. That is, the Ukrainian government should pay attention to these areas of the economy. It is precisely the adoption of effective actions within these limits that will lead to deepening of the integration between Ukraine and the EU, which will facilitate the expansion of trade between them.

Conclusions

We are theoretically generalized and proposed to solve the scientific problem, which is manifested in the substantiation of key areas and parameters of the European integration strategy of Ukraine on the basis of a comprehensive analysis of the current tendencies of modification of forms of integration interaction and models of EU regional integration with third countries. The conducted research makes it possible to formulate the following conclusions and proposals.

Modern theoretical work on the issues of international economic integration is characterized by the difference in approaches to the definition of this concept. The domestic scientific school focuses on the result of the process described in the classical theory, namely, the formation of a holistic economic complex, while the western school focuses on the process of eliminating the differences between business entities of different nationalities and the spread of economic liberalism in foreign trade policies of countries around the world. Comparison of the classical paradigm of the stage of integration processes with their actual course confirms that most of the associations function in the area of trade integration, which is characterized by processes of deepening and diversification, borrowing of separate elements of industrial integration, which not only substantially expands the established scheme of the integration process, but also determines the necessity modifications of modern forms of integration interaction.

At the current global stage of development of international economic relations, integration processes are characterized by an increase in the number of concluded bilateral trade agreements, the tendency to start a new interregional stage of integration, the transformation of the "South-South" group into

"North-South", the expansion and deepening of the areas of convergence.

Classical tariff liberalization is only one of many elements of modern integration agreements, the provisions of which increasingly accumulate separate conditions not only for the free movement of goods, but also services, capital, labor force, include paratroduction regulatory areas (competitor politics, trade aspects of intellectual property rights, regulation controversy), manifested through the complexity of trade-type associations, and was called "in-depth integration".

The depth of trade and economic integration with the EU is conditioned by the systematic process of harmonizing the legislation of third countries with the EU law. Separate elements of in-depth integration are used within the various Mediterranean and Turkish integration models. The selective nature of the adoption of EU rules takes place in the alternative Swiss model, and comprehensive convergence is the basis of the European Economic Area.

In the context of political domination, lack of experience and skilled professionals in trade policy and commercial diplomacy, the candidate countries of Central and Eastern Europe failed to thoroughly analyze the needs of the transition period and formulate a system of substantiated commitments for integration into the EU that resulted in their principled agreement with almost all requirements of the Union. The mechanism for implementing the concept of deep integration, embodied in the provisions of the European Agreements, was the adoption of a joint development that facilitated the establishment of systemic internal reforms and allowed to create a favorable business environment, attracting large volumes of direct foreign investment and integrate into regional production networks, increase institutional and administrative capacity in the countries-candidates.

As the regression model we have built up, the number of initiated anti-dumping investigations between Ukraine and the EU has a reverse relationship with foreign trade turnover. That is, the increase in the number of such investigations will lead to a reduction in trade turnover between Ukraine and the European Union. This is explained by the fact that as the number of anti-dumping investigations increases, the incentives for exporters and importers to reciprocate trade diminish. It follows that both Ukraine and the EU must objectively be interested in further reducing the number of dumping manifestations and the corresponding anti-dumping procedures in mutual trade. We are invited to create a joint permanent anti-dumping committee Ukraine-EU, which would deal with similar problems.

In our opinion, the prospects for further research, in our opinion, include the modification of the model of the dependence of the foreign trade turnover between Ukraine and the EU on the number of initiated anti-dumping investigations, presented in the article, in accordance with the new tendencies and strategies of European integration.

Abstract

The article theoretically generalizes and offers the solution of the scientific task, that is the rationale of key directories and parameters of Ukraine Euro-integration strategy on the basis of complex analysis of modern modification trends for the forms of integrated interaction and models of the regional EU integration with the third world countries.

The modern theoretical proceedings on the problems of international economic integration is characterized with the difference in approaches to this concept determination. The domestic scientific school highlights the result process described in the classic theory, namely the formation of the holistic economic complex, while the Western school highlights the process of differences erasure between economic entities of different national belonging, and the spread of economic liberalism in the foreign and trade policies of the states. Comparison of the classical stage paradigm of integration processes with their actual flow approves that the majority of unions function in the scope of trade integration that is characterized with the process deepening and diversification, borrowing of separate elements of the manufacturing integration that not only significantly enlarge the established scheme of integration process, but also stipulates the necessity of modern forms of integration interaction modification.

At the modern global stage of international economic relationship development, integration processes are characterized with the growth of number of the concluded two-side trade agreements, tendency to start a new inter-regional integration stage, transformation of groups like "South-South" to "North-South", convergence areas enlarging.

The key specificity of the Ukrainian model of integration with the EU is the establishment of a list of directives for implementation within the framework of sectoral cooperation. It is proven that this innovation could ensure a lock-in effect for reforms in the country. The development of efficient integration model is to be in line with following six fundamental principles: deep integration concept, selective and flexible acquis transposition, tariff bounding, asymmetric liberalization, EU commitments, fixed transition periods.

The analysis of the current stay of play in the specific areas of negotiation process results in developing a list of recommendations that cover such policy domains as tariff liberalization, rules of origin and accumulation of technical regulation, government procurement, competition policy, state aid, protection of intellectual property rights, trade in services, ecological norms transposition, etc.

Список літератури:

1. Aggarwal A. The WTO Anti-dumping Agreement and Developing Countries: An Introduction. – New Delhi: Oxford University Press, 2012. – 432 p.
2. Шнирков О.І. Торговельна політика Європейського Союзу: монографія. – Видання друге. / О.І. Шнирков. – К.: КНУ імені Т.Г. Шевченка, 2016. – 152 с.
3. Лук'яненко Д.Г. Економічна інтеграція і глобальні проблеми сучасності: навч. посіб. – Видання третє. / Д.Г. Лук'яненко – К.: КНЕУ, 2016. – 204 с.
4. Bngardt A., Torres F. Lisbon Strategy. – Оксфорд : Оксфордський університет, 2013.
5. Сунгуровський М. Проблеми і перспективи європейської інтеграції України: стан напередодні Вільнюського самміту. / М. Сунгуровський // Національна безпека і оборона. – 2013. – № 6. – С. 49-56.
6. Anti-dumping Initiations: By Exporter 01/01/1995-31/12/2017 // World Trade Organization.
7. Звіт про виконання Порядку денного асоціації та Угоди про асоціацію між Україною та Європейським Союзом / відп. за вип. О. Стефанішина. – К.: Урядовий офіс з питань європейської та євроатлантичної інтеграції.
8. Досвід європейських країн у розвитку соціального партнерства України [Електронний ресурс] / І.А. Шерепера, Г.А. Смоквіна, // Економіка: реалії часу. Науковий журнал. – 2013. – № 4 (9). – С. 189-194. – Режим доступу до журн.: <http://economics.opu.ua/files/archive/2013/n4.html>.
9. Technology of regional pricing policy of industrial products [Електронний ресурс] / V.I. Zakharchenko, I.A. Toralova // Економіка: реалії часу. Науковий журнал. – 2016. – № 2 (24). – С. 15-20. – Режим доступу до журн.: <http://economics.opu.ua/files/archive/2016/n2.html>.
10. Ідентифікація ціноутворюючих чинників і ринкового ризику в інтегрованому моніторингу процесу формування ціни на електроенергію тепловими енергогенеруючими підприємствами [Електронний ресурс] / С.В. Філіппова, А.В. Левицька // Економіка: реалії часу. Науковий журнал. – 2013. – № 1 (6). – С. 45-49. – Режим доступу до журн.: <http://economics.opu.ua/files/archive/2013/n1.html>.

References:

1. Aggarwal, A. (2012). The WTO Anti-dumping Agreement and Developing Countries: An Introduction. New Delhi. Oxford University [in English].
2. Shnirkov, O.I. (2016). European Union Trade Policy. KYIV: KNU [in Ukrainian].
3. Lukyanenko, D.G. (2016). Economic integration and global problems of the present. KYIV: KNEU [in Ukrainian].
4. Bongardt, A & Torres, F. (2013). Lisbon Strategy. Oxford [in English].
5. Sungurovsky, M. (2013). Problems and Prospects of European Integration of Ukraine: Situation on the eve of the Vilnius Summit. National Security and Defense, 6, 49-56 [in Ukrainian].
6. Anti-dumping Initiations: By Exporter 01/01/1995-31/12/2017. World Trade Organization [in English].
7. Stefanishyna, O. (Eds.). (2017). Report on the implementation of the Association Agreements and the Association Agreement between Ukraine and European Union. KYIV [in Ukrainian].
8. Sherepera, I.A., & Smokvina, H.A. (2013). The experience of European countries in the development of social partnership of Ukraine. Ekonomika: realiyi chasu. Naukovyy zhurnal, 4 (9), 189-194. Retrieved from: <http://economics.opu.ua/files/archive/2013/n4.html> [in Ukrainian].
9. Zakharchenko, V.I., & Topalova, I.A. (2016). Technology of regional pricing policy of industrial products. Ekonomika: realiyi chasu. Naukovyy zhurnal, 2 (24), 15-20. Retrieved from: <http://economics.opu.ua/files/archive/2016/n2.html> [in English].
10. Filippova, S.V., & Levytska, A.V. (2013). Identification of pricing factors and market risk in the integrated monitoring of the price formation process for electricity by thermal power generating companies. Ekonomika: realiyi chasu. Naukovyy zhurnal, 1 (6), 45-49. – Retrieved from: <http://economics.opu.ua/files/archive/2013/n1.html> [in Ukrainian].

Посилання на статтю:

Задорожко Г. І. Демпінг та антидемпінгові процедури в контексті євроінтеграційного курсу України / Г. І. Задорожко, Ю. О. Ніколаєв, Г. Д. Пачес // *Економіка: реалії часу*. Науковий журнал. – 2018. – № 5 (39). – С. 52-57. – Режим доступу до журналу: <https://economics.opu.ua/files/archive/2018/No5/52.pdf>. DOI: 10.5281/zenodo.2571415.

Reference a Journal Article:

Zadorozhko G. I. Dumping and anti-dumping procedures in the context of euro-integration course of Ukraine / G. I. Zadorozhko, Yu. O. Nikolayev, G. D. Paches // *Economics: time realities*. Scientific journal. – 2018. – № 5 (39). – P. 52-57. – Retrieved from <https://economics.opu.ua/files/archive/2018/No5/52.pdf>. DOI: 10.5281/zenodo.2571415.

