

ISSN 2308-6971 (Print)
ISSN 2518-1599 (Online)

Customs Scientific Journal

№ 1/2020



**Рекомендовано до друку та до поширення
через мережу Інтернет вченою радою Університету митної справи та фінансів
(протокол № 11 від 13 травня 2020 р.)**

Видається два рази на рік
Засновано 2011 року

У журналі здійснюється публікація наукових і оглядових праць з основних проблем зовнішньоекономічної діяльності, партнерства митних адміністрацій та бізнес-структур, професійної освіти в галузі митної справи, впровадження та реалізації стандартів Всесвітньої митної організації, оглядові статті про досвід реалізації стратегій інституційного розвитку митних адміністрацій країн-членів Всесвітньої митної організації, публікації молодих науковців у галузі митної справи та зовнішньоекономічної діяльності, реферативні матеріали та анонси.

Науковий журнал «Customs Scientific Journal» об'єднує відомих вчених та практиків у сфері митної справи та зовнішньоекономічної діяльності.

Редакційна колегія:

Головний редактор:

Ченцов В. В. – д.і.н., д.н.держ.упр., професор, Заслужений діяч науки і техніки України.

Заступники головного редактора:

Приймаченко Д. В. – д.ю.н., професор;

Петруня Ю. Є. – д.е.н., професор, Заслужений діяч науки і техніки України.

Члени редакційної колегії:

Баранник Л. Б. – д.е.н., професор; **Бережнюк І. Г.** – д.е.н., доцент; **Білозубенко В. С.** – д.е.н., доцент; **Вакульчик О. М.** – д.е.н., професор; **Гармаш Є. В.** – к.ю.н., доцент; **Жацько К. С.** – д.е.н., професор; **Заруцька О. П.** – д.е.н.; **Івашова Л. М.** – д.н. з держ.упр., професор; **Корнєєв М. В.** – д.е.н., професор; **Легеза Є. О.** – д.ю.н., професор; **Лисяк Л. В.** – д.е.н., професор; **Ліпинський В. В.** – к.ю.н., доцент; **Лютіков П. С.** – д.ю.н., доцент; **Макаренко А. В.** – к.ю.н.; **Мінка Т. П.** – д.ю.н., доцент; **Міщенко Д. А.** – д.н. з держ.упр., професор; **Носова Т. І.** – к.е.н.; **Пашко П. В.** – д.е.н., професор, Заслужений діяч науки і техніки України; **Перепьолкін С. М.** – к.ю.н., доцент; **Сироїд Т. Л.** – д.ю.н., професор; **Фесенко В. В.** – д.е.н., доцент; **Фролов С. М.** – д.е.н., професор; **Гелерт Лотар** – доктор філософії (юрид. науки), професор (Федеративна Республіка Німеччини); **Кашубський Михайл** – доктор філософії (юрид. науки) (Австралія); **Раковський Мачей** – доктор наук (Республіка Польща); **Сабо Андреа** – доктор наук, професор (Угорська Республіка); **Чижович Веслав** – доктор наук у галузі митної політики та митного права, професор (Республіка Польща).

**Журнал включено до Переліку наукових фахових видань України (категорія «Б»)
з державного управління, юридичних, економічних наук відповідно до Наказу МОН України
від 17.03.2020 № 409 (додаток 1) зі спеціальностей 051 – Економіка, 071 – Облік і оподаткування,
072 – Фінанси, банківська справа та страхування, 073 – Менеджмент, 075 – Маркетинг,
076 – Підприємництво, торгівля та біржова діяльність, 081 – Право, 262 – Правоохоронна діяльність,
281 – Публічне управління та адміністрування, 292 – Міжнародні економічні відносини,
293 – Міжнародне право**

**Журнал включено до міжнародної наукометричної бази
Index Copernicus International (Республіка Польща)**

Засновник – Університет митної справи та фінансів
Адреса редакційної колегії: вул. Володимира Вернадського, 2/4, Дніпро, 49000, тел.: 099 729 63 79
Сайт видання: csj.umsf.in.ua

Зареєстровано:
Міністерством юстиції України. Свідоцтво про державну реєстрацію –
КВ № 23738-13578ПП від 21.11.2018 р.

**It is recommended for printing and distribution over the Internet
by the Academic Council of University of Customs and Finance
(Minutes No 11 dated 13.05.2020)**

Frequency: bi-annual
Established in 2011

The journal publishes scientific papers and reviews concerning the fundamental problems of international economic activity, a partnership of customs administrations and business structures, professional education in customs area, introduction and implementation of the standards of World Customs Organization, review articles on the experience of implementation of strategies of institutional development of customs administrations of member states of the World Customs Organization, publications of young scholars on customs and international economic activity, abstract materials and announcements.

Scientific journal "Customs Scientific Journal" unites prominent scientists and practitioners in customs and international economic activity.

Editorial Board:

Chief Editor:

Chentsov V. V. – Doctor of History, Doctor of Public Administration, Professor, Honoured Scientist and Engineer of Ukraine.

Deputy Chief Editor:

Prymachenko D. V. – Doctor of Law, Professor;

Petrunia Yu. Ye. – Doctor of Economics, Professor, Honoured Scientist and Engineer of Ukraine.

Editorial Board Members:

Barannyk L. B. – Doctor of Economics, Professor; **Berezniuk I. H.** – Doctor of Economics, Associate Professor; **Bilozubenko V. S.** – Doctor of Economics, Associate Professor; **Vakulchyk O. M.** – Doctor of Economics, Professor; **Harmash Ye. V.** – PhD in Law, Associate Professor; **Zhadko K. S.** – Doctor of Economics, Professor; **Zarutska O. P.** – Doctor of Economics; **Ivashova L. M.** – Doctor of Public Administration, Professor; **Kornieiev M. V.** – Doctor of Economics, Professor; **Leheza Ye. O.** – Doctor of Law, Professor; **Lysiak L. V.** – Doctor of Economics, Professor; **Lipynskyi V. V.** – PhD in Law, Associate Professor; **Liutikov P. S.** – Doctor of Law, Associate Professor; **Makarenko A. V.** – PhD in Law; **Minka T. P.** – Doctor of Law, Associate Professor; **Mishchenko D. A.** – Doctor of Public Administration, Professor; **Nosova T. I.** – PhD in Economics; **Pashko P. V.** – Doctor of Economics, Professor, Honoured Scientist and Engineer of Ukraine; **Perepolkin S. M.** – PhD in Law, Associate Professor; **Syrold T. L.** – Doctor of Law, Associate Professor; **Fesenko V. V.** – Doctor of Economics, Associate Professor; **Frolov S. M.** – Doctor of Economics, Professor; **Gelert Lotar** – PhD in Law, Professor (the Federal Republic of Germany); **Kashubsky Mikhail** – PhD in Law (Australia); **Rakowski Maciej** – Dr. habil. (the Republic of Poland); **Sabo Andrea** – Dr. habil., Professor (Hungary); **Chyzhovych Vieslav** – Doctor of Customs Policy and Customs Law, Professor (the Republic of Poland).

**The journal is included in the List of scientific professional editions of Ukraine
(category "B") on public administration, law and economics according to the Order of the MES of Ukraine
dated 17.03.2020 № 409 (annex1) in the specialties 051 – Economics, 071 – Accounting and taxation, 072 – Finance,
banking and insurance, 073 – Management, 075 – Marketing, 076 – Entrepreneurship, trade and exchange activities,
081 – Law, 262 – Law enforcement activities, 281 – Public management and administration,
292 – International economic relations, 293 – International law**

**The journal is included in the international scientometric database
Index Copernicus International (the Republic of Poland)**

Founder – University of Customs and Finance
Address of the editorial board office: 2/4 Volodymyra Vernadskoho str., Dnipro, 49000, phone: 099 729 63 79
Web-site: csj.umsf.in.ua

It is registered by:
the Ministry of Justice of Ukraine. Certificate of state registration of the print media –
KB № 23738-13578IIP dated 21.11.2018

ЗМІСТ

Геннадій БРОВКА УПРАВЛІННЯ КОРУПЦІЙНИМИ РИЗИКАМИ В МИТНИХ ОРГАНАХ ЄВРАЗІЙСЬКОГО ЕКОНОМІЧНОГО СОЮЗУ В КОНТЕКСТІ НАЦІОНАЛЬНОЇ БЕЗПЕКИ	6
Анна КОВАЛЬЧУК ФІНАНСОВА ДЕЦЕНТРАЛІЗАЦІЯ: ПРАКТИКА ВЗАЄМОДІЇ ОРГАНІВ ДЕРЖАВНОЇ ВЛАДИ Й ОРГАНІВ МІСЦЕВОГО САМОВРЯДУВАННЯ В УКРАЇНІ ТА СВІТІ	13
Сергій КОЗЬМЕНКО, Кхалед АЛЬДІВАНІ, Сергій ФРОЛОВ МЕТОДИЧНИЙ ПІДХІД ДО РОЗГЛЯДУ ОПТИМІЗАЦІЇ ДЕРЖАВНОГО БЮДЖЕТУ НА ОСНОВІ ЗБАЛАНСУВАННЯ ДОХОДІВ ТА ВИТРАТ	20
Іван ШКУРАТ ГЛОБАЛІЗАЦІЙНИЙ ПРОЦЕС УКРАЇНСЬКОГО СУСПІЛЬСТВА ЯК УНІВЕРСАЛЬНА ФОРМА ІСТОРИЧНОЇ ДИНАМІКИ.....	31
Карстен ВЕЕРТ КОНТРАБАНДА КОКАЇНУ З ПІВДЕННОЇ АМЕРИКИ ДО ЄВРОПИ ТА АФРИКИ ЗА ДОПОМОГОЮ НАРКОСУБМАРИН: ДОВЕДЕНИЙ ВИПАДОК – ОСТАННІЙ СИГНАЛ ДЛЯ МИТНИХ СЛУЖБ У ВСЬОМУ СВІТІ.....	37
Павло ЯКОВЛІСВ ДЕРЖАВНЕ РЕГУЛЮВАННЯ У СФЕРІ ЗАХИСТУ КІБЕРПРОСТОРУ ЯК СКЛАДНИК ЗАБЕЗПЕЧЕННЯ ІНФОРМАЦІЙНОЇ БЕЗПЕКИ УКРАЇНИ.....	43

CONTENTS

Gennadiy BROVKA CORRUPTION RISK MANAGEMENT IN THE CUSTOMS AUTHORITIES OF THE EURASIAN ECONOMIC UNION IN THE CONTEXT OF NATIONAL SECURITY	6
Anna KOVALCHUK FISCAL DECENTRALIZATION: THE PRACTICE OF INTERACTION BETWEEN CENTRAL AND LOCAL AUTHORITIES IN UKRAINE AND WORLD.....	13
Serhii KOZMENKO, Khaled ALDIWANI, Serhii FROLOV METHODICAL APPROACH TO CONSIDERATION OF THE GOVERNMENT BUDGET OPTIMIZATION BASED ON INCOME AND EXPENDITURE BALANCING.....	20
Ivan SHKURAT THE GLOBALIZATION PROCESS OF THE UKRAINIAN SOCIETY AS A UNIVERSAL FORM OF HISTORICAL DYNAMICS.....	31
Carsten WEERTH COCAINE SMUGGLING BY HELP OF NARCO-SUBMARINES FROM SOUTH AMERICA TO EUROPE AND AFRICA: A PROVEN CASE – A LAST WAKE-UP CALL FOR CUSTOMS SERVICES AROUND THE WORLD	37
Pavlo YAKOVLEV STATE REGULATION IN THE FIELD OF CYBERSPACE PROTECTION AS A COMPONENT OF ENSURING INFORMATION SECURITY OF UKRAINE	43

CORRUPTION RISK MANAGEMENT IN THE CUSTOMS AUTHORITIES OF THE EURASIAN ECONOMIC UNION IN THE CONTEXT OF NATIONAL SECURITY

The article considers the phenomenon of corruption, its essence, causes and consequences. The social, economic, and political changes that globalization has brought have been accompanied by some challenges. One of them is corruption. Corruption occurs at all levels of society around the world, from local and national governments, civil society, judiciary functions, large and small businesses, military and other services including Customs service. Corruption poses a serious danger to national security, economic security and innovative security of any State. Corruption represents the basic threat for economic security of the state, affecting the expansion of the shadow economy, rising inflation, increasing the level of commercial and financial risks, as well as stimulating the inefficient use of budget funds. As for the Eurasian Economic Union, so problem of corruption within it, including corruption in the customs authorities, is highly relevant. It can be ascertained, that the need to study the existing methods for managing corruption risks in the customs authorities of the Eurasian Economic Union, their strengths and weaknesses, as well as potential areas for improvement. The World Customs Organization has drawn attention to the international character of this phenomenon and, in our opinion, has developed a unified approach and methodology for studying corruption processes in the customs sphere. Close attention is paid to corruption in customs authorities, which has specific features. A comparative economic analysis of corruption backgrounds in the customs authorities of the Eurasian Economic Union is carried out. The essence is that in the Eurasian Economic Union the volume of corruption in Customs bodies is directly proportional to the volume of inflation and inversely proportional to the volumes of Customs officers' salaries, Customs payments and foreign direct investments. Taking into account all mentioned above we can will move to the measures aimed to prevent and repress corruption. All in all, there is a great variety of innovative measures effectively used by foreign countries. Anti-corruption tools operating in the practices of foreign countries are considered. The ways of improving counteracting of corruption, anti-corruption tools in the customs authorities of the Eurasian Economic Union are defined.

Key words: Government Policy, corruption, corruption risks, national security, economic security, customs authorities, anti-corruption tools.

JEL Classification: D73, D78, F52.

Gennadiy BROVKA,

Dean Faculty of Management
Technologies & Humanities
Belarussian National Technical
University,
PhD, Associate Professor
gbrovka@bntu.by
<https://orcid.org/0000-0001-6135-6738>

1. Introduction

In the modern era, characterized by the intensification of the globalization process, along with such positive phenomena as optimizing the use of resources, expanding the assortment, improving the quality of manufactured goods and services, facilitating access to the latest achievements of scientific and technological progress, we can increasingly observe the enlargement of the scale of various kinds of contradictions, manifested in the emergence of new complex threats and risks. These phenomena (threats) are associated with the onset of a systemic crisis, the bright precursors of which are not only the spread of transnational crime, the deformation of public institutions, the distortion of such key concepts as the “welfare state” and “social state”, but also the spread of corruption.

In recent years, corruption is often perceived by people as very tolerant. It falsely seems to be a structural element of the state system, called, as V.A. Nomokonov wrote, to fulfill the role of “a kind of lubricant for the rusty gears of the state mechanism (“if you don’t grease the wheels, the cart won’t go”), which leads only

to “even greater corrosion, deformation of state institutions” (Nomokonov, 2001: 166); aggravation and complication of existing internal problems, one of which is the formation of such gaps in the state’s national security system (in particular, in its economic component) as a decrease in budget revenues, a decrease in investment attractiveness, the outflow of foreign and domestic capital abroad, and the suppression of fair competition. It should be noted that various sciences consider the concept of corruption from different perspectives: by lawyers as an illegal act; by political scientists as a way of influencing financial and political activity; by sociologists as a phenomenon reproducing cultural traditions; by economists as a way of rationalizing costs by businesses and obtaining additional income by officials, and even by Z. Freud’s followers – psychologists as a manifestation of unconscious desire, etc.

It should be noted that there are a number of markets for corruption services that have a direct impact on the economic security of any state. These markets include the state market of customs services. The World Customs Organization has long drawn attention to the international character of this phenomenon and, in our opinion, has developed a unified approach and methodology for studying corruption processes in the customs sphere.

At the end of the 20th century, J.W. Shaver, the 6th Secretary General of the World Customs Organization, noted that “there are only a small number of government bodies in which the classical prerequisites for institutional corruption would be as “ successfully ” presented as in customs administrations” (McLinden, Durrani, 2013: 4). This is due to the fact that, being monopolistic, customs activity is associated with the empowerment of both senior and junior officials involved in the implementation of such basic functions of the customs authorities as control over the correctness of determining the country of origin of goods, customs value, and product classification; customs control; collection of customs and other payments; the issuance of various certificates, decisions, etc., which are characterized by researchers as corruption vulnerable (McLinden, Durrani, 2013: 4). In addition, like other state bodies, customs authorities take part in public procurement and conduct financial and economic activities (acquisition, spending, distribution of material and technical means), which can also be considered an area of high corruption risks.

As for the Eurasian Economic Union (hereinafter – the EAEU), the problem of corruption within it, including corruption in the customs authorities, is highly relevant. The indicated position is confirmed by the data of sociological studies. According to the results, respondents from Belarus note a moderate level of corruption in customs, from Russia and Kazakhstan – significant. Negative is the fact that there are no detailed data on Armenia and Kyrgyzstan, which probably indicates the fears of respondents regarding participation in polls. It can be perceived as an expression of a political position that runs counter to the official state course. It is also noteworthy that almost three quarters of those polled consider anti-corruption legislation ineffective and do not have confidence in existing anti-corruption measures (Miller & Chevalier, 2018).

Summarizing the above, we can state the need to study the existing methods for managing corruption risks in the customs authorities of the EAEU, their strengths and weaknesses, as well as potential areas for improvement.

2. Outcomes and discussion

In the most general form, without affecting the established regulatory definitions, corruption can be described as a complex socially dangerous phenomenon that manifests itself in various forms of abuse of state or other powers to obtain benefits for personal purposes or in the interests of third parties (Simanovskiy, 2017: 123). At the same time, the analysis of the above definition allows us to establish that concepts such as “power”, “state bodies”, and “officials” are used as an attribute element of the definition. This is explained by the fact that each definition implicitly refers us to the root cause of corruption manifestations laid down in the very essence of social structure, based on the need to identify a group of people and special institutions engaged in control functions that imply a special authority, to dispose of any resources and the right to make important decisions. Further development of the phenomenon of corruption, as a rule, occurs under the influence of secondary, or stimulating, reasons, which include excessive state intervention in the economy, low level of development of civil society, the complexity of legislation, etc.

Corruption poses the main threat to the economic security of the state, affecting the expansion of the shadow economy, rising inflation, increasing the level of commercial and financial risks, as well as stimulating the inefficient use of budget funds. Regarding the specifics of the actual threats to the economic security, it should be noted that, even in undeveloped form they are quite intense inhibitors

of the development of the state, oppressive functioning of each of its basic systems, and, reaching their zenith, can cause absolute economic inefficiency, deep poverty of the population, critical deformation or the fall of the political system.

Corruption in the customs authorities poses a particular threat to the economic security of the state. It is obvious that the phenomenon of corruption in the customs authorities is not fundamentally new and existed in ancient times. Thus, D. Widdowson, referring in his studies to the work of H. Asakura, argues that in ancient Rome, where the first tariff was created, customs officials had duties to control the payment of customs duties in the proper amount and to suppress smuggling. At the same time, “it would be reasonable to assume that some officials have made it a rule to demand that traders give Caesar what belongs to Caesar, plus a little more to fill their pockets” (Widdowson, 2013: 11).

Analyzing the above provisions, it can be noted that corruption in the customs authorities originated in the form of bribery, but it is fundamentally wrong to consider it the only form of corruption in the customs authorities. Publications in the media allow us to state the existence of corruption in the customs authorities also in the form of “kickbacks” in the implementation of public procurement, embezzlement, clientelism (protectionism).

As for the analytical study of corruption, in general, this issue is not distinguished by a detailed study: the authors either pay attention to output statistics only, generalize the dynamics and main trends in the development of corruption, without setting as their main goal an appeal to the methodological aspects of assessing the phenomenon (Lyakhov, 2012; Krivosheeva, 2013), or disclose certain analytical methodologies, including the authors’ ones (Moiseeva, 2018; Polyakov, 2017).

Probably, such fragmentation is due to the complexity of the perception of the phenomenon of corruption. Corruption as an object of empirical research can be attributed to the class of complex systems, or object-systems, constantly moving from one state to another and becoming more complicated with the increase in the number of elements, which leads to:

- the multidimensional nature of corruption as an object of research;
- difficulties in taking into account the full range of factors affecting corruption, which, moreover, differ in strength and direction;
- variability, uncertainty of direct consequences of corruption, as well as the presence of indirect impacts that are almost impossible to analyze (Polyakov, 2017: 24).

In addition, in practice, the non-aggregated data on corruption are often closed, which also makes it difficult to conduct empirical research and develop stable ways to assess the corruption status of both States as a whole and individual spheres of public life.

Taking into account the above problems, when analyzing corruption backgrounds, it is advisable to follow the methodology developed by the authors. This technique is schematically shown in Figure 1.

Based on the scheme, it is obvious that the main areas of research are the study of the scale of corruption, its causes and consequences, while the analytical “core” is the scale of corruption, since two other directions are considered on the basis of this indicator.

Each of the areas of analysis involves the use of special tools, which include various analytical methods and techniques, sampling of indicators, indexes, etc. The qualitative composition of the analytical directions of the authors’ methodology for the customs sphere is given in table 1.

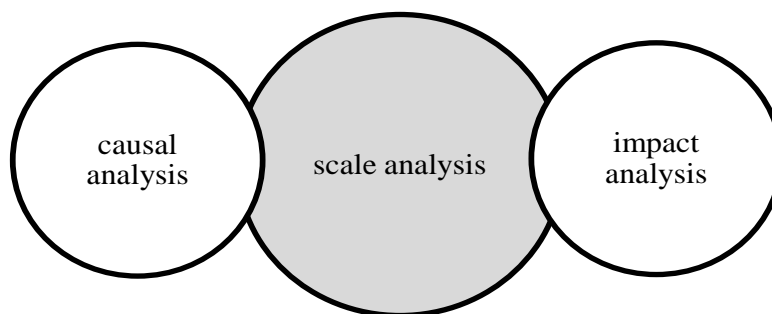


Fig. 1. The authors’ methodology for the analysis of corruption backgrounds

Source: authors’ own development

**Qualitative composition of the analytical directions of the authors' methodology
for the customs sphere**

Analytical direction	Tools	The contents of the direction
Scale analysis	Analysis of the specialized ratings data	To conduct a general analysis and identify prevailing trends, data from the Transparency International Corruption Perceptions Index are used.
	Mirror statistics	Information on the import volumes of a number of EAEU countries and information on the export volumes of their main partners in foreign trade is compared.
	Analysis of the number of criminal cases, convicted persons, etc.	The available indicators characterizing the scale of corruption crime are analyzed; the indicators determining the level of corruption in customs authorities are studied. The General probabilistic level of corruption of customs officials is calculated: $\omega = N' / N (1)$, where ω is the General probabilistic level of corruption of customs officials, %; N' – number of convicted customs officials; N – number of staff of customs authorities.
Causal analysis and impact analysis	Construction of correlation models	The link and its intensity between corruption and causal indicators / impact indicators are determined.

Source: authors' own development

Following the sequence of analytical directions, to review the national situation regarding the scale of corruption, it is advisable to refer to the data of the Transparency International rating data (operating principle: each state is assigned a rating from 0 (high corruption) to 100 (no corruption), according to which none of the States for 2015–2018 with the relative stability of the number of points and the gradual weakening of the positions of the leaders (Denmark – -3 points in 2018 compared to 2015, New Zealand – -4 points in 2018 compared to 2015) did not show a significant breakthrough in positions: countries have either made little progress (Kazakhstan – +1 position in 2018 to 2015) or have not reached the level of 2015, with a generally weak progressive trend (Armenia is 105th out of 180 in 2018 compared to 95th out of 167 in 2015, Kyrgyzstan is 132nd out of 180 in 2018 compared to 123rd out of 167 in 2015) or with a generally weak regressive trend (Russia ranked 138th out of 180 in 2018 compared to 119th out of 167 in 2015) (figure 2).

Also noteworthy is the appeal to the global average level of corruption, which during 2015–2018 was 43 points. In this case, it is indicative that in 2015–2018 this threshold was crossed only by Belarus in 2017–2018. Therefore, there are objective reasons to consider it the least corrupt among all member States of the EAEU.

Returning directly to the customs sphere, it should be noted that during 2015–2018 the proportion of customs officials convicted of corruption-related crimes in the total number of convicted of the same crimes is:

- for the Republic of Belarus – 2–3%;
- for the Russian Federation – 0,3–0,6%;
- for the Republic of Kazakhstan – 5–8%;
- for the Republic of Armenia – 1–3%.
- In general, this results in a relatively low overall probabilistic level of corruption of customs officials:
- for the Republic of Belarus – 0,3–0,6%;
- for the Russian Federation – 0,1%;
- for the Republic of Kazakhstan – 1,5–2,4%;
- for the Republic of Armenia – 0,9–3,9%.

At the same time, there are no data for the Kyrgyz Republic, however, the use of the mirror statistics method (comparison with the data of the people's Republic of China) allows us to establish the existence of a significant discrepancy between the value of imports and exports, which reaches the highest level

in 2016 and amounts to about 70–75%. This gives grounds to believe that there is a significant level of corruption in the customs authorities.

Qualitatively, corruption in the customs authorities of the EAEU mostly takes the form of bribery. One of its main causes, which can be quantified and therefore analyzed, is low wages (for example, for the Republic of Belarus, the correlation coefficient between the level of wages and the level of corruption for the study period is – 0,84 (strong correlation). This suggests an inverse relationship between these indicators). The main consequence of corruption in the customs authorities of the EAEU, available for analytical research, is the shortfall of funds in the budget (for example, the Kyrgyz Republic, the correlation coefficient between the level of corruption and the amount received in the budget of customs payments for the study period is – 0,98 (very strong correlation) which indicates an inverse relationship between these two indicators), secondary are inflation, lower inflows of foreign direct investment.

3. Findings

Thus, it is obvious that corruption in the customs authorities is a threat to the national security of the EAEU member States and should be reduced to an achievable minimum.

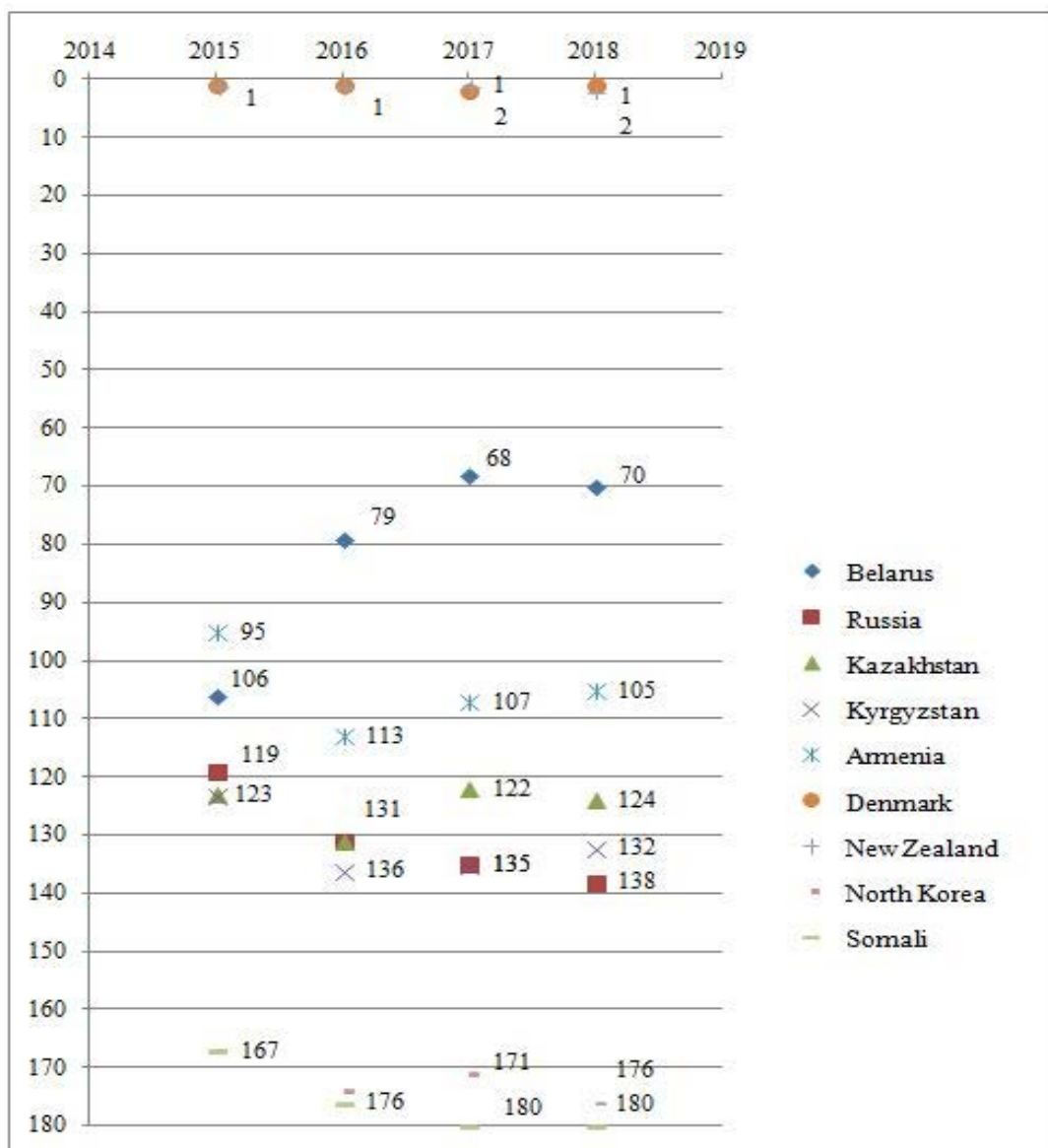


Fig. 2. Ranking of the EAEU member States in the Index in comparison with the best and worst indicators in 2015–2018

Source: authors' own development based on (Transparency International, 2014; Transparency International, 2015; Transparency International, 2016; Transparency International, 2018)

The least corrupt state in the EAEU is Belarus, where the level of corruption by 2018 fell below the global average, which was not observed in any of the EAEU member States during 2015–2018; the most corrupt are Russia and Kazakhstan; the relatively high level of corruption in the region as a whole is due to the fragility of the main democratic institutions, which are still in the process of formation and are not fully functioning.

Among the customs authorities, the most corrupt is the State Customs Service under the Government of the Kyrgyz Republic; the lowest corruption indicators are for the customs authorities of Belarus and Russia. One of the main causes of corruption in customs is the low level of salaries of officials; there is a strong inverse correlation between the scale of corruption and average wages in the agency.

The most significant consequence of corruption in the customs authorities for the EAEU is the shortfall of customs payments in the budget, which increases with the enlargement of its scale.

The main direction of stabilization of the corruption background is seen as increasing the effectiveness of the corruption risk management system through:

- integrated automation (in accordance with the requirements of the Arusha Declaration) and the use of information technologies (such as blockchain – technologies on the example of the South Korean Logistics service for export clearance (Kang, 2019), which allows to increase the transparency of transactions and prevents fraud, strengthening accountability and expanding the control capabilities that is because all the information is stored in blocks, which cannot be modified or removed);

- enhancing cooperation between customs authorities and other state agencies and the business community (for example, by drafting anti-corruption pacts and declarations, signing memorandums of understanding, etc.);

- improvement of anti-corruption legal regulation (for example, the introduction of confiscation “in rem”, the meaning of which is that at the request of the Prosecutor, the court decides to confiscate to the state money and other property that are not the subject of the crime, but found in the suspect or accused, if there is sufficient evidence to believe that these funds and property are obtained by these persons without legal grounds; the obligation to prove the legality of the origin of the property falls on the owner of this property).

References:

1. Nomokonov, V.A. (2001). On the anti-corruption strategy in Russia. *Corruption: political, economic, organizational and legal problems*: proceedings of the International scientific and practical conference (Moscow, September 8–10, 1999) / ed. by V.V. Lunev. Moscow: Institute of state and law RAS, pp. 166 [in Russian].
2. McLinden, G., Durrani, A.Z. (2013). Corruption in Customs. *World Customs Journal*, vol. 7, no. 2, pp. 3–9 [in English].
3. Miller & Chevalier (2018). A study of corruption in the region of Europe, the Caucasus and Asia. Retrieved from: <https://www.millerchevalier.com/sites/default/files/resources/2018-ECA-Corruption-Survey-Full-Report-Russian.pdf> (date of access: 20.08.2019) [in Russian].
4. Simanovskiy, S.I. (2017). Social and legal aspects of corruption. *Constitutional and legal foundations of combating corruption as the most important condition for ensuring sustainable socio-economic balance*: collection of materials of the round table (Minsk, March 4, 2017) / ed. by G.A. Vasilevich et al. Minsk: Belarusian State University, pp. 123–130 [in Russian].
5. Widdowson, D. (2013). Bordering on corruption: an analysis of corrupt customs practices that impact the trading community. *World Customs Journal*, vol. 7, no. 2, pp. 11–21 [in English].
6. Lyakhov, V. (2012). International cooperation in the fight against corruption in the customs authorities. *Actual issues of customs*: the scientific work of the department of customs. Minsk: Belarusian State University, vol. 2, pp. 201–223 [in Russian].
7. Krivosheeva, A. (2013). Fighting corruption in the customs authorities of the Republic of Belarus. *Customs and foreign economic activity*: a collection of reports of participants of the SRL “Theory and Practice of Customs and Foreign Economic Activity” / ed. by V.V. Lyakhovsky. Minsk: Belarusian State University, vol. 1, pp. 19–28 [in Russian].
8. Moiseeva, I.A. (2018). Corruption perception index as an indicator of the degree of corruption in a single country and the world. *Actual problems of economics and law*, vol. 12, no. 1, pp. 89–100 [in Russian].
9. Polyakov, S.V. (2017). Forecasting changes in the index of the Corruption Perception Index in Russia. *Academic notes*, no. 1, pp. 24–28 [in Russian].
10. Transparency International (2018). Corruption Perceptions Index 2018. Retrieved from: <https://www.transparency.org/cpi2018> (date of access: 09.04.2019) [in English].
11. Transparency International (2014). Corruption Perceptions Index 2014: results. Retrieved from: <https://www.transparency.org/cpi2014/results> (date of access: 09.04.2019) [in English].

-
12. Transparency International (2015). Corruption Perceptions Index 2015. Retrieved from: <https://www.transparency.org/cpi2015> (date of access: 09.04.2019) [in English].
13. Transparency International (2016). Corruption Perceptions Index 2016. Retrieved from: https://www.transparency.org/news/feature/corruption_perceptions_index_2016 (date of access: 09.04.2019) [in English].
14. Kang, T. (2019). Korea pilots blockchain technology as it prepares for the future. *WCO News*, no. 88, pp. 32–35 [in English].

УПРАВЛІННЯ КОРУПЦІЙНИМИ РИЗИКАМИ В МИТНИХ ОРГАНАХ ЄВРАЗІЙСЬКОГО ЕКОНОМІЧНОГО СОЮЗУ В КОНТЕКСТІ НАЦІОНАЛЬНОЇ БЕЗПЕКИ

Геннадій БРОВКА,

декан факультету технологій управління та гуманітаризації
Білоруського національного технічного університету,
кандидат педагогічних наук, доцент
gbrovka@bntu.by
<https://orcid.org/0000-0001-6135-6738>

Стаття розглядає явище корупції, її сутність, причини та наслідки. Соціальні, економічні й політичні зміни, спричинені глобалізацією, супроводжуються певними проблемами. Одна з них – корупція. Корупція спостерігається на всіх рівнях суспільства в усьому світі: у місцевих і державних органах влади, органах громадянського суспільства, судових органах, великому та малому бізнесі, військових та інших службах, у тому числі в митній. Корупція становить серйозну загрозу для національної, економічної та інноваційної безпеки будь-якої держави. Основна загроза стосується економічної безпеки держави, що впливає на розширення тіньової економіки, зростання інфляції, підвищення рівня комерційних і фінансових ризиків, а також стимулювання неефективного використання бюджетних коштів. Проблема корупції в Євразійському економічному союзі, зокрема в його митних органах, є надзвичайно актуальною. Можна констатувати необхідність вивчення чинних методів управління корупційними ризиками в митних органах Євразійського економічного союзу, їхніх переваг і недоліків, а також потенційних сфер удосконалення. Всесвітня митна організація звернула увагу на міжнародний характер цього явища та розробила єдиний підхід і методологію вивчення корупційних процесів у митній сфері. Пильна увага приділяється корупції в митних органах, яка має специфічні особливості. Здійснено порівняльний економічний аналіз корупції в митних органах Євразійського економічного союзу та визначено, що її обсяг прямо пропорційний обсягу інфляції й обернено пропорційний обсягам заробітної плати митних службовців, митних платежів і прямих іноземних інвестицій. З огляду на зазначене можна виділити заходи, спрямовані на запобігання корупції та її придушення. Загалом є різноманітні інноваційні заходи, які ефективно застосовуються зарубіжними країнами. Розглядаються антикорупційні засоби, що використовуються у практиці зарубіжних країн. Визначено шляхи вдосконалення протидії корупції, з'ясовано антикорупційні інструменти в митних органах Євразійського економічного союзу.

Ключові слова: державна політика, корупція, корупційні ризики, національна безпека, економічна безпека, митні органи, антикорупційні інструменти.

FISCAL DECENTRALIZATION: THE PRACTICE OF INTERACTION BETWEEN CENTRAL AND LOCAL AUTHORITIES IN UKRAINE AND WORLD

In the course of assigning expenditure and revenue powers to local self-government, it is necessary to clearly define and distinguish between the functions of the state and local authorities, to take into account the real needs of newly-created hromadas, to use management technologies based on the foundations of “new public management”, and to prioritize the interests of citizens in order to make managerial decisions relevant exactly to the local level. In turn, the development of public relations dictates the urgent necessity to search for new ideas on governance in modern states, to search for new technologies, new tactics and strategies for regulating fiscal decentralization progress, to apply management technologies based on the “new public management”, and to prioritize the interests of citizens in order to make managerial decisions relevant exactly to the local level. The current conditions of local self-government institution and the form of its interaction with the state authorities along with transformation of Ukrainian society and implementation of fiscal decentralization policy require in-depth analysis and are of interest for current research. Briefly, the key areas of strengthening the financial independence of local self-government are identified, via a clear definition of the central and local executive bodies structure and powers, strengthening the role of local, implementing the reserves on own revenue base, accounting the financial policies and forms of fiscal support to local self-governments, introducing the new approaches to the budget process – “new public management”.

Key words: fiscal decentralization, expenditure decentralization, expenditures, spending power, local self-government.

JEL Classification: H20 H30 H41 H50H72 H77 O23.

Anna KOVALCHUK,

Postgraduate Student School of
Economics
Shandong University, PRC
kqb_a@ukr.net
<https://orcid.org/0000-0002-1487-4572>

1. Introduction

Ensuring the financial independence of hromadas by strengthening the revenue base of local budgets is one of the most important areas on improving not only the public finance management system in Ukrainian economy, but also improving the institutional system of interaction between public authorities in the process of implementing financial powers. The scope occupies a special place in the system of determinants on “new public management”, development strategy on local finances, and becomes the significant counterpoint of official and program based documents embodying fiscal decentralization in Ukraine (Verkhovna Rada of Ukraine, 1997; Verkhovna Rada of Ukraine, 1999; Verkhovna Rada of Ukraine, 2010; Verkhovna Rada of Ukraine, 2014; Verkhovna Rada of Ukraine, 2015).

2. Analysis of recent research and publications

Now, researchers note Ukraine still to possess centralized model of local budgeting, which is devoid of financial autonomy, which own revenues are shaped by intergovernmental transfers and revenue ratios. Theoretical and practical aspects as to shaping local budgets in the conditions of decentralization on fiscal powers were investigated by Ukrainian researchers, areas of interest are as follows:

- issues on decentralization of local budgets (Pohorielov, 2018; Arabchuk, 2016; Bykadorova, 2010; Kovalevych, 2014);
- prospects and effectiveness of local budgeting (Furdychko, 2015; Volokhova, 2014; Bucovetsky, Smart, 2006; Piven', 2012);
- administrative aspect of reforming local self-government institutions (Kravtsiv, 2016; Lunina, 2006);

-
- structural, methodological, tax aspects (Mel'nik, 2013; Panasiuk, 2015; Shults, 2016; Yashina, Ryabov, 2015);
 - planning of local finances (Kyrylenko et al., 2015).

Determining the impact of fiscal decentralization on the socio-economic development of the regions is presented in the research works of eminent foreign scholars on the theory of fiscal decentralization (Chua, 1995; Tiebout, 1956; Easson, Zolt, 2002; Martinez-Vazquez, Boex, 1999; Samimi et al., 2010; Shadbegian, 1999; Schneider, 2003).

3. The purpose of the article

The current conditions of local self-government institution and the form of its interaction with the state authorities along with transformation of Ukrainian society and implementation of fiscal decentralization policy require in-depth analysis and are of interest for current research.

4. Main statements

Despite the legislative consolidation of the new concept of local self-government and the five-year practice of functioning of local self-government shaped by hromadas and local authorities in Ukraine within this concept, it is premature to regard the local self-government institutionalization process as an arranged one, to assume local public authorities to be independent, and the civil society with its infrastructure to be completed to the full. To highlight, the key objective of fiscal decentralization, still, is to strengthen the financial foundations of local self-government, to improve the institutional system of interaction between public authorities and local self-government bodies, especially in the context of spending powers. Implementation of the concept of financial support of local self-government in (Verkhovna Rada of Ukraine, 1997; Verkhovna Rada of Ukraine, 1999; Verkhovna Rada of Ukraine, 2010; Verkhovna Rada of Ukraine, 2014; Verkhovna Rada of Ukraine, 2015) was to ensure the strengthening and balance of local budgets through the redistribution of revenue and expenditure powers on different public authority levels and the application of new methodological approaches to budgeting.

These approaches include, in particular: redistribution of an expansive definition of local budgets own revenues; the transition to set up medium-term financial planning at the local level (Lunina, 2006; Pohorielov, 2018); the introduction of results-oriented budget planning methods and improving the efficiency of local budget expenditures. The fruits of financial decentralization and subsequent reform of the budget process in Ukraine resulted in a number of changes those possess an ambiguous impact on local authorities (Larina, 2013; Serebrianska, 2015), so that the ambiguities in the territorial organization of local self-government were eliminated, the competences of local government institutions were defined, the revenue powers and expenditures of local self-government bodies were delimited.

Within the main trends in Ukraine, the movement has started:

- to ensure the compliance as to revenue authority and expenditure commitments of local budgets;
- to balance local budgets by means of securing permanent income sources;
- to elaborate the mechanisms to eliminate and to prevent the emergence of unfunded expenses;
- as well as to elaborate the mechanisms to finance the public powers shifted on local level;
- to formalize the procedures for providing financial assistance to hromadas from the local and central budgets.

At the same time, strengthening the financial autonomy of hromadas remains an urgent task.

So far, regarding the Central and Eastern Europe countries with transitive economies, the process of fiscal decentralization also reveals many problems and contradictions. The main objective there is to resume economic growth, while preserving the entire system of social guarantees in the provision of public goods (De Sil'va, Kurlyandskaya, 2006). Thus, carrying out the budget decentralization in the former socialist countries was marked by some progress, but the degree of decentralization varies significantly depending on the level of development of public systems, the fairness of the redistribution of financial resources, the quality of the dialogue between the central government and local authorities, and the strength of the political, economic and financial situation of the territorial formations. To continue, researchers also highlight the “image-building” point: the new democratic governments aimed at getting rid of the phenomena associated with the communist past, one of which was extremely centralized governance (Rodríguez-Pose, Krøijer, 2009).

That is the experience of many developing countries with transitive economies (India, Argentina, Brazil etc.), local authorities were unable to adequately solve the tasks shifted down, which was caused by various reasons (mainly due to the lack of necessary institutional conditions) and generally led to the

discrediting of decentralized government (Larina, 2013; De Sil'va, Kurlyandskaya, 2006; Shah, 2006). In turn, effectiveness of decentralization is demonstrated by the federal states with a high degree of budget decentralization and stable macroeconomic indicators (Germany). According to experts (Larina, 2013; Shakh, 2010; Lunina, 2010; Martinez-Vazquez, Boex, 1999; Samimi et al., 2010; Shults, 2016; Shah, 2006; Tiebout, 1956; Volokhova, 2014), those states are increasingly approaching the balance of “centralization – decentralization”. These achievements are based, first of all, on the politically correct, socially and economically justified rules and mechanisms for coordinated distribution of powers and resources at the levels of administration.

For instance, fiscal decentralization in Germany was initiated by the report of the German Association of Municipalities (Gemeindeverband) on updating local governance, where the following were underlined as the main ideas of the reform:

1) the concept of “product” (all the results of the authorities’ activities and the services provided are described by the term “product”). In Ukraine, this concept is closely related to the issue of the term “guaranteed services” (Item 1 of article 86 of the Budget Code of Ukraine). Up to now, the Budget Code of Ukraine does not clearly define the concept of “guaranteed services”. That is, an important factor that negatively affects the performance and financing of the functions of central and local authorities, and is inconsistent with the legislative norms (Verkhovna Rada of Ukraine, 2010; Verkhovna Rada of Ukraine, 1997; Bykadorova, 2010);

2) the creation of quasi-autonomous units being responsible for specific services and the resources needed to provide the services mentioned;

3) the result-oriented budgeting and reporting system based on stated performance indicators. To note, one of the main advantages of the German municipal finance system is its independent distribution of tax revenues, local budget revenues in industrialized countries, on average, can be structured as follows, 50% of local income is generated from taxes, 20% – consumer fees, and 30% – transfers from the upper power authorities (Shah, 2006; Shakh, 2010: 63).

Benefiting over this principle, local authorities receive a stable income and are not dependent on a local business tax or on a commercial tax. Moreover, the distribution of tax revenues has an advantage over vertical subsidies, since central authorities mainly use subsidies to motivate or punish local authorities.

Since 1990-s, Ukraine also has a policy of equalizing the financial condition of the regions, which sharply polarizes in terms of income. Anyway, in the Ukrainian version, the system still does not show high performance results. In conditions of exceptionally uneven economic development of the territory, support for economically inefficient regions was carried out first through tax incentives, which led to the formation of “gaps” in the state budget, then through subsidies and subventions”.

Currently, the opinion on the necessity to switch to a policy of financial support for financially weak regions due to financially strong regions is giving way to competition among regions for obtaining support by independently attracting investment and business. This will allow to gradually replace budget allocations with own revenue sources, stimulating local authorities to open new enterprises, create jobs and to advance the infrastructure.

However, the denial of the ability of local administrations to pursue an effective budget policy is based on arguments, as follows: the development of tax autonomy at the local level can lead to increased territorial imbalance even in the case of an optimally shaped system of differentiating costs and incomes due to levels of government. Nowadays, the state level represents the state budget, at the local levels – oblast budgets, budgets of cities of regional/oblast importance, budgets of the hromadas, rayon/district budgets, as well as rural, settlement budgets and budgets of cities of rayon importance. To go on, in Ukraine, citizens often are employed in enterprises and establishments located outside the recently residing territorial community. This kind of situation is quite widespread, in turn, one of the major budget-forming taxes (income tax) is credited to the local budget where the legal entity in which the payee is employed or located. And the community in which the income tax payer resides finances the services he consumes but has no additional tax revenue. There is an imbalance at the local budget level: taxes are paid in one community and services are provided in another one.

Accordingly, it would be advisable to form an income tax fund with its subsequent redistribution, which takes into account the number of registered enterprises-tax agents, the number of officially registered employees, and the total population of the respective territory. In accordance with direct approach of public services to the final consumer (Verkhovna Rada of Ukraine, 2010) and for the sake of provision the public benefits that have scale and external effects, those public services (guaranteed services) is

better to attribute to local authority, later to the oblast level, in particular, such public services as: local fire protection, medical services of hospitals of general purpose, garbage disposal services, the provision of those are provided to the population of several villages, settlements within, even, different territorial communities or hromadas (Verkhovna Rada of Ukraine, 2010; Serebrianska, 2015). It is also advisable to keep with these powers of rayon councils for the period of uniting of hromadas, as follows: the power to provide the public services to the villages, cities and settlements of various self-government units or within different hromadas, medical services covered by public hospitals of general medicine, maternity hospitals, protection of social welfare, fire protection, waste disposal, construction, reconstruction, repair and maintenance of public highways.

The main risks to fail the fiscal decentralization in terms of effective public interaction and delegation of powers are:

1) the initial limited financial competence of local authorities, their tendency to finance day-to-day consumption (rather than increase investment costs), and low administrative capacities that do not allow the efficient use of local tax potential and provide local public goods, taking into account the needs of the population;

2) the system of inter-budget transfers, which is being formed as a “counterbalance” to territorial imbalances, can have a negative impact, as growing transfers generate dependence of the local budget policy and, in fact, are a compensation for ineffective actions of local administrations;

3) inefficient management of the local budget due to the lack of professionals, properly shaped and trained staff and/or low qualification of local officials to perform new functions, to specify: a) lack of strategic planning, including the formulated strategy and timetable for its implementation; b) lack of qualified specialists; c) lack of time to accomplish the set goals in the presence of high expectations about the results of fiscal reforms;

4) corruption risks, which somehow correspond to a previous statement, increasing, the possibility to merger the state and business at the local level, since a large part of local deputies are representatives of the same business, arose opportunities for bribes, ways to corrupt of public funds;

5) the issue of distribution the powers between local self-government and executive authorities in general, as well as the functions and powers between local councils (rayon/oblast rada) of united territorial communities (hromadas) and rayon state administrations and rayon radas are not settled yet;

6) as the very climax of all above mentioned, that flows and directly reveals both the society preparedness for reforms and the work done by state and local authorities in order to prepare the society for above mentioned reforms. So in terms of the ordinary inhabitants, the stereotypes and misunderstandings accompany with the fiscal decentralization are still retained. It all leads to the lack of support for the decentralization in hromadas emerging, as well as to resistance from local administrations and local councils (radas), local authorities, civil society institutions and civic organizations.

In general, the experience of the other countries shows (Shakh, 2010; Shah, 2006; Rodríguez-Pose, Krøijer, 2009; Samimi et al., 2010; De Sil’va, Kurlyandskaya, 2006) that the reform of the budget process on a new conceptual basis is a multi-stage, iterative, long-lasting process being slightly opposed by locals, along it is notable to inevitably change and improve specific methods of managing revenues and expenses. So that, in those countries, to name Germany, where the principles of budgeting by results are being consistently implemented, authorities and the public find the positive effect of fiscal decentralization initiation. At the same time, the effectiveness of the decentralization tools itself is rather difficult to quantify in modern conditions.

5. Conclusions

In order to summarize the above noted issues, the following key areas of strengthening the financial independence of local self-government can be identified, first of all, via a clear definition of the central and local executive bodies structure and powers, and:

1) strengthening the role of local taxes in the formation of the revenue side of local budgets, as well as securing to local authorities the additional taxes or deductions and “guaranteed services”;

2) to find and to implement the reserves for the formation by local self-governments own revenue base, creating a system of incentives to pursue an active policy to build up own tax and non-tax sources of income, improving the efficiency of budget expenditures by moving to program structure, and improving local finance management;

3) to promptly account the implementation of financial policies and the choice of forms of fiscal support to local self-governments to accumulate own fiscal potential and to lift the self-effectiveness, to stimulate the result-oriented budgeting and reporting system based on stated performance indicators;

4) to introduce to the general public new approaches to the budget process, according to the concept of a “new public management”, in order to prevent social resistance to fiscal decentralization implementation.

References:

1. Verkhovna Rada of Ukraine (2010). Biudzhetni kodeks Ukrainy: Zakon Ukrainy vid 8 lypnia 2010 r. № 2456-VI [Budget Code of Ukraine: Law of Ukraine of July 8, 2010 № 2456-VI]. Retrieved from: <https://zakon.rada.gov.ua/laws/show/2456-17> (accessed: 10.03.2020) [in Ukrainian].

2. Verkhovna Rada of Ukraine (2014). Pro vnesennia zmin do Podatkovoho kodeksu Ukrainy ta deiakykh zakonodavchyykh aktiv Ukrainy shchodo podatkovoi reformy: Zakon Ukrainy vid 28 hrudnia 2014 r. № 71-VIII [On amendments to the Tax Code of Ukraine and certain legislative acts of Ukraine concerning tax reform: Law of Ukraine of December 28, 2014 № 71-VIII]. Retrieved from: <https://zakon.rada.gov.ua/laws/show/71-19#Text> (accessed: 10.03.2020) [in Ukrainian].

3. Verkhovna Rada of Ukraine (1997). Pro mistseve samovriaduvannia v Ukraini: Zakon Ukrainy vid 21 travnia 1997 r. № 280/97-BP [On local self-government in Ukraine: Law of Ukraine of May 21, 1997 № 280/97-BP]. Retrieved from: <https://zakon.rada.gov.ua/laws/show/280/97-BP> (accessed: 05.03.2020) [in Ukrainian].

4. Verkhovna Rada of Ukraine (1999). Pro mistsevi derzhavni administratsii: Zakon Ukrainy vid 9 kvitnia 1999 r. № 586-XIV [On local state administrations: Law of Ukraine of April 9, 1999 № 586-XIV]. Retrieved from: <http://zakon3.rada.gov.ua/laws/show/586-14> (accessed: 20.03.2020) [in Ukrainian].

5. Verkhovna Rada of Ukraine (2015). Pro dobrovolne obiednannia terytorialnykh hromad: Zakon Ukrainy vid 5 liutoho 2015 r. № 157-VIII [On voluntary association of territorial communities: Law of Ukraine of February 5, 2015 № 157-VIII]. Retrieved from: <https://zakon.rada.gov.ua/laws/show/157-19> (accessed: 20.03.2020) [in Ukrainian].

6. Arabchuk, Ya.I. (2016). Finansova detsentralizatsiia – osnovna skladova spromozhnoi hromady [Financial decentralization is a key component of a prosperous community]. *Teoriia ta praktyka derzhavnoho upravlinnia i mistsevoho samovriaduvannia*, no. 1. Retrieved from: http://el-zbirn-du.at.ua/2016_1/18.pdf (accessed: 21.02.2020) [in Ukrainian].

7. Bykadorova, N.O. (2010). Finansova detsentralizatsiia mistsevoho samovriaduvannia [Financial decentralization of local self-government]. *Ekonomichni visnyk Donbasu*, no. 2(20), pp. 145–151 [in Ukrainian].

8. Bucovetsky, S., Smart, M. (2006). The Efficiency Consequences of Local Revenue Equalization: Tax Competition and Tax Distortions. *Journal of public economic theory*, vol. 8, iss. 1, pp. 119–144 [in English].

9. Chua, D. (1995). Tax Incentives. *Tax Policy Handbook* / P. Shome (ed.). Washington, DC: International Monetary Fund, pp. 165–168 [in English].

10. Easson, A., Zolt, E. (2002). Tax Incentives. Washington, DC: World Bank Institute. Retrieved from: <http://siteresources.worldbank.org/INTTPA/Resources/EassonZoltPaper.pdf> (accessed: 20.02.2020) [in English].

11. Furdychko, L.Ye. (2015). Detsentralizatsiia: finansova nezalezhnist mistsevyykh biudzhetyv Ukrainy [Decentralization: financial independence of local budgets of Ukraine]. *Sotsialno-ekonomichni problemy suchasnoho periodu Ukrainy*, iss. 5, pp. 39–42 [in Ukrainian].

12. Kyrylenko, O.P., Malyniak, B.S., Pysmennyi, V.V., Rusin, V.M. (2015). Planuvannia ta upravlinnia finansovymy resursamy terytorialnoi hromady: navchalnyi posibnyk [Planning and management of financial resources of the territorial community: textbook]. Kyiv: VI EN EI, 396 p. [in Ukrainian].

13. Kovalevych, D.A. (2014). Mistsevi biudzhety ta yikh rol u terytorialnomu rozvytku [Local budgets and their role in territorial development]. *Visnyk Chernivetskoho torhovelno-ekonomichnoho instytutu. Seriiia “Ekonomichni nauky”*, iss. 2(54), pp. 198–203 [in Ukrainian].

14. Kravtsiv, V.S. (ed.) (2016). Administratyvno-terytorialnyi ustroi Ukrainy: metodolohichni osnovy ta praktyka reformuvannia: monohrafiia [Administrative-territorial structure of Ukraine: methodological bases and practice of reforming: monograph]. Lviv: Institute of Regional Research named after M.I. Dolishniy of the NAS of Ukraine, 264 p. [in Ukrainian].

15. Larina, S.E. (2013). Obsheche i osobennoe v razvitii byudzhethoy detsentralizatsii [General and special in the development of budget decentralization]. *Vestnik Adygeyskogo gosudarstvennogo universiteta. Seriya 5 “Ekonomika”*, iss. 4(131), pp. 43–52. Retrieved from: <https://cyberleninka.ru/article/n/obsheche-i-osobennoe-v-razvitii-byudzhethoy-detsentralizatsii> (accessed: 08.03.2020) [in Russian].

-
16. Shakh, A. (ed.) (2010). *Upravlenie na mestnom urovne v industrial'no razvitykh stranakh* [Local government in industrialized countries], transl. from English. Moscow: Ves' Mir, 416 p. Retrieved from: <http://documents.worldbank.org/curated/en/905331468333261837/pdf/368090PUB0RUSS0100countries0Russian.pdf> (accessed: 27.03.2020) [in Russian].
 17. Lunina, I.O. (2006). Formuvannia mistsevykh biudzhetyv u konteksti zavdan administratyvno-terytorialnoi reform [Formation of local budgets in the context of tasks of administrative-territorial reform]. *Ekonomika Ukrainy*, no. 1, pp. 22–31 [in Ukrainian].
 18. Martinez-Vazquez, J., Boex, J. (1999). The design of equalization grants: theory and applications. Retrieved from: https://www.researchgate.net/publication/265142703_The_design_of_equalization_grants_Theory_and_applications (accessed: 20.02.2020) [in English].
 19. Mel'nik, E.N. (2013). Osnovnye podkhody k issledovaniyu nalogov v teoriyakh ekonomicheskogo rosta i razvitiya gosudarstva i regionov [The main approaches to the study of taxes in theories of economic growth and development of the state and regions]. *Vestnik Voronezhskogo gosudarstvennogo universiteta. Seriya "Ekonomika i upravlenie"*, no. 1, pp. 21–29 [in Russian].
 20. Panasiuk, O.Yu. (2015). Otsinka finansovoi stiičnosti mistsevykh biudzhetyv v zabezpechenni sotsialno-ekonomichnoho rozvytku sil'skykh terytorii [Assessment of the financial stability of local budgets in ensuring the socio-economic development of rural areas]. *Efektivna ekonomika*, no. 11. Retrieved from: http://nbuv.gov.ua/UJRN/efek_2015_11_95 (accessed: 03.03.2020) [in Ukrainian].
 21. Piven', I.G. (2012). Metodika otsenki effektivnosti systemy strategicheskogo upravleniya sotsial'no-ekonomicheskim razvitiem regiona [Methodology for assessing the effectiveness of the strategic management system of the socio-economic development of the region]. *Teoriya i praktika obshchestvennogo razvitiya*, no. 3, pp. 333–338. Retrieved from: http://teoriapractica.ru/rus/files/arhiv_zhurnala/2012/3/ekonomika/piven.pdf (accessed: 15.02.2020) [in Russian].
 22. Pohorielov, V.S. (2018). Vplyv fiskalnoi detsentralizatsii na mistsevi biudzhety v Ukraini [The impact of fiscal decentralization on local budgets in Ukraine]. *Naukovyi visnyk Uzhhorodskoho natsionalnoho universytetu. Seriya "Mizhnarodni ekonomichni vidnosyny ta svitove hospodarstvo"*, iss. 19(2), pp. 141–144 [in Ukrainian].
 23. Rodrigues-Pose, A., Krøijer, A. (2009). Fiscal Decentralization and Economic Growth in Central and Eastern Europe. *Growth and Change*, vol. 40, no. 3, pp. 387–417 [in English].
 24. Samimi, A.J., Petanlar, S.K., Haddad, G.K., Alizadeh, M. (2010). Fiscal Decentralization and Economic Growth: A Nonlinear Model for Provinces of Iran. *Iranian Economic Review*, vol. 15(26), pp. 125–133 [in English].
 25. Schneider, A. (2003). Decentralization: conceptualization and measurement. *Studies in Comparative International Development*, vol. 38(3), pp. 32–56 [in English].
 26. Shults, S.L. (ed.) (2016). Rehionalna strukturna polityka: suchasni tendentsii ta novi vyklyky: monohrafiia [Regional structural policy: current trends and new challenges: monograph]. Lviv: Institute of Regional Research named after M.I. Dolishnyi of the NAS of Ukraine, 328 p. Retrieved from: <http://ird.gov.ua/irdp/p20160103.pdf> (accessed: 01.02.2020) [in Ukrainian].
 27. Serebrianska, D.M. (2015). Rozpodil vydatkiv mizh rivniamy mistsevykh biudzhetyv v umovakh biudzhethnoi detsentralizatsii [Distribution of expenditures between levels of local budgets in terms of budget decentralization] (Extended abstract of candidate's thesis). Kyiv: Institute of Economics and Forecasting of the National Academy of Sciences of Ukraine, 24 p. [in Ukrainian].
 28. Shadbegian, R. (1999). The Effect of Tax and Expenditure Limitations on the Revenue Structure of Local Government, 1962–87. *National Tax Journal*, vol. 52, no. 2, pp. 221–237. Retrieved from: <https://www.jstor.org/stable/pdf/41789391.pdf?seq=1> (accessed: 21.03.2020) [in English].
 29. De Sil'va, M., Kuryandskaya, G. (eds.) (2006). Razvitie byudzhethnogo federalizma: mezhdunarodnyy opyt i rossiyskaya praktika [The development of fiscal federalism: international experience and Russian practice], transl. from English. Moscow: Ves' Mir, 464 p. [in Russian].
 30. Shah, A. (ed.) (2006). *Local governance in developing countries*. Washington, D.C.: World Bank, 457 p. [in English].
 31. Tiebout, Ch.M. (1956). A Pure Theory of Local Expenditures. *Journal of Political Economy*, vol. 64, no. 3, pp. 416–424 [in English].
 32. Volokhova, I.S. (2014). Mistsevi finansy ta perspektyvy pohlyblennia finansovoi detsentralizatsii v Ukraini: monohrafiia [Local finances and prospects for deepening financial decentralization in Ukraine: monograph]. Odesa: Atlant, 462 p. [in Ukrainian].
 33. Yashina, N.I., Ryabov, A.A. (2015). Metodologicheskie aspekty opredeleniya nalogovoy nagruzki s uchetom byudzhetoobrazuyushchikh pokazateley [Methodological aspects of determining the tax burden, taking into account budget-forming indicators]. *Izvestiya Ural'skogo gosudarstvennogo ekonomicheskogo universiteta*, no. 3(59), pp. 30–38 [in Russian].
-

**ФІНАНСОВА ДЕЦЕНТРАЛІЗАЦІЯ: ПРАКТИКА ВЗАЄМОДІЇ
ОРГАНІВ ДЕРЖАВНОЇ ВЛАДИ Й ОРГАНІВ МІСЦЕВОГО САМОВРЯДУВАННЯ
В УКРАЇНІ ТА СВІТІ**

Анна КОВАЛЬЧУК,
аспірант Школи економіки
Шаньдунського університету, КНР
kgb_a@ukr.net
<https://orcid.org/0000-0002-1487-4572>

У процесі реалізації повноважень зі встановлення й реалізації видатків і доходів у процесі фінансової децентралізації необхідно чітко розрізняти функції державних та місцевих органів влади, враховувати в роботі реальні потреби новоутворених громад, використовувати управлінські технології, залишати пріоритетними інтереси саме громадян, а також розробляти та приймати управлінські рішення, значимі для місцевого рівня. У роботі використані такі методи дослідження, як аналіз і синтез, порівняння та узагальнення. Сучасний стан і перспективи розвитку інституту місцевого самоврядування та форми його взаємодії з органами державної влади разом із трансформацією українського суспільства й реалізацією політики фінансової децентралізації потребують глибокого аналізу та становлять інтерес для цього дослідження. У статті визначено ключові напрями посилення фінансової незалежності місцевого самоврядування такими шляхами: чіткого визначення структури й повноважень центральних і місцевих органів виконавчої влади; посилення ролі місцевих органів влади; упровадження резервів щодо створення власної дохідної бази, форм фінансової підтримки та стимулювання місцевого самоврядування; упровадження нових підходів до бюджетного процесу, зокрема концепції “new public management”.

Ключові слова: бюджетна децентралізація, децентралізація видатків, видатки, видаткові повноваження, місцеве самоврядування.

METHODICAL APPROACH TO CONSIDERATION OF THE GOVERNMENT BUDGET OPTIMIZATION BASED ON INCOME AND EXPENDITURE BALANCING

The effective operation of the financial sector is a necessary condition for economic development. The government budget, in its turn, is one of the most critical components of an integrated financial system. Since the formation, redistribution and use of a significant proportion of resources accumulated in the budget is the responsibility of the public finance sector, a prudent fiscal policy is vital for successful social and economic regulation. Optimizing the budget of Ukraine becomes particularly urgent under the tense economic and fiscal situation, reduced investment attractiveness, increased budget deficit and public debt. In particular, an important aspect is to ensure the balance of budget revenues and expenditures, because in the case of deficit (excess of spending over receipts), the state's dependence on external borrowing resources increases, thus reducing the level of financial security and creating unfavorable conditions for the economy. The optimal structure of incomes and expenditure contributes to macroeconomic stability.

Tax policy as a method of the state budget balancing should be balanced, because tax increases are effective only to a certain level. In order to avoid a negative impact on economic growth, it is worth looking at and expanding the tax base without increasing rates. The level of taxation should be socially fair and economically optimal. An additional emission of money to finance the budget is used during the implementation of the budget policy, but it can have a very negative effect in the form of inflation's increase. Therefore, the growth rate of the money supply in the country should not exceed the growth rate of GDP.

Also, in order to balance state revenues and expenses, loans are used, both internal and external. By issuing and selling government securities, or receiving another tranche from the IMF, the state receives additional financial resources to cover the deficit, but in this case, public debt increases.

It is important that the optimization of the state budget takes place in both directions, both in terms of income and expenditure, since in order to solve social problems, ensuring economic growth, supporting entrepreneurial activity, and regulating the economy, an adequate resource base are needed. At the same time, the optimal allocation of funds in conditions of limited resources is important in order to achieve the maximum positive socio-economic effect.

The article defines theoretical approaches to determining the nature of revenues, expenses and expenditures of the budget, examines the general scheme of control of the state budget, the basic concepts of balancing the state budget, develops a conceptual scheme of the state budget optimization based on the balance of income and expenses.

Key words: budget, revenues, expenses, budget balance, money supply.

JEL Classification: G31, H61.

Serhii KOZMENKO,

*Professor at the University of Customs and Finance,
Doctor of Economics, Professor
kozmenko.uabs@gmail.com
orcid.org/0000-0001-7710-4842*

Khaled ALDIWANI,

*Ph.D. Student of the University of Customs and Finance
kaled_762008@yahoo.com
orcid.org/0000-0001-6566-106X*

Serhii FROLOV,

*Ph.D. Student of the University of Customs and Finance
bigheartofsmallcity@gmail.com
orcid.org/0000-0003-2319-0946*

1. Introduction

Under today's economic instability and reforms, there is a need to revise and transform tools for creating and use of budget revenue, as well as the system for managing budget expenditures. This is evidenced by an increase in the budget deficit, an increase in the cost of servicing public debt, both external and internal, lowering the standard of living of the population and stagnation in economic development. In this context, there is a need to create a well-worked mechanism for optimizing the government budget.

2. Literature review

While developing an effective system of budget optimization, an in-depth understanding of its theoretical essence is an indispensable condition. Thus, it is necessary to analyze the approaches of scientists to identify economic categories such as "the government budget", "optimization" and "fiscal policy".

Ukrainian scholars I.F. Komarnytskyi, Yu.I. Onyshchenko, and L.K. Voronova consider the government budget as a centralized cash (money) fund (Komarnytskyi, 2006; Voronova, 2006; Onyshchenko, 2009). This approach is quite logical, keeping in mind the understanding of the budget functions emphasized by I.F. Komarnytskyi. That is, this author notes that the funds of this centralized fund are intended to finance the state apparatus, the armed forces, as well as to ensure the performance of socio-economic functions. Yu.I. Onyshchenko provides a rather brief and general definition of the government budget, noting that this is the main fund of financial resources and the determining part of public finance. The Voronova's interpretation is similar to the definition by I.F. Komarnytskyi, whose focus is, however, on the appointment of the fund not only to ensure the performance of the state functions, but also to support the activities of local self-government bodies.

The next approach to defining the "government budget" term is based on its understanding as the state financial plan. P.V. Krush, O.V. Klymenko, O.Ya. Stoiko, and D.I. Dema support this point of view. According to the authors, the budget is a business plan of the country's income and expenditure, with the first two scientists' focus on the one-year plan period (Stoiko, 2014; Krush, Klymenko, 2010). In this case, scientists pay more attention to the formal expression of the budget than its essence and purpose.

This echoed the Mochernyi's point of view, who sees the budget as an estimated cost of annual incomes and expenditures of the state that is pre-designed by the government and approved by law (Mochernyi, 2000). This definition is similar because the estimate is a financial-planning document in its form. Unlike previous interpretations, the author focuses on the stages preceding the government budget implementation, namely the stages of development and approval.

A.H. Zahorodnii and Yu.M. Barskyi give quite generalized definitions of the government budget. A.H. Zahorodnii makes monetary terms the basis of this concept interpretation while ignoring this fund assignment (Zahorodnii et al., 2002). Yu.M. Barskyi interprets the concept as a detailed description of the expenditure and financial plans of the authorities at different levels, not taking into account the revenue part of the budget and its value (Barskyi et al., 2010).

It is necessary to emphasize the approach considering the government as the financial and economic (monetary) relations. This approach is widely supported. From this perspective, the concept is considered by A.V. Holovach, K.V. Zakhozhai, N.A. Holovach, V.I. Ospishchev, L.O. Omelianovych, Yu.S. Stoian, M.O. Danevych, M.Y. Mats, N.O. Kadatska, O.D. Vasylyk, and M.I. Kulchytskyi.

An English scientist N. Kaldor and Russian scientists K.A. Zimarin and Yu.A. Zakirova consider the government budget as the primary tool for centralizing, distributing and redistributing resources (gross social income) (Kaldor, 1939; Zimarin, Zakirova, 2014). Thus only N. Kaldor focuses on the goal of such a division and redistribution, namely maximizing the welfare of society as a whole. This is a rather generalized interpretation, which in general captures the essence of the concept.

African scholars M. Anyanwaokoro and I.P.P. Okolie state that the government budget is an annual financial report that reflects income and expenditure for the fiscal year adopted by the legislature, approved by the President and submitted by the Minister of Finance of the country (Anyanwaokoro, Okolie, 2016). Given the mechanism for budgeting, which involves planning income and expenditure for the coming year, it is inappropriate to consider the concept as a report.

J. von Hagen (Germany) and I.J. Hardend (Britain) interpret the government budget as a list of incomes and expenditures for a specified period of time that the government plans and is entitled to carry out during the period under consideration (Hagen, Hardend, 1995). This definition reflects the essence of the government budget, but it neither captures its form nor defines the allocation of the budget.

A group of UK authors, J.A. Kay et al. focus on the fact that the government budget is the predictable expenditure and revenues for the coming fiscal year (Kay et al., 2018). This a rather brief interpretation that accurately reflects the essence of the economic category. However, as in the previous case, the form and purpose are not sufficiently defined.

German scientists H. Rühle and H.-J. Veen understand the government budget as the highest level of aggregate budget, which includes all state incomes and public expenditure (Rühle, Veen, 1979). The peculiarity of this definition is putting the government budget to a separate level, which is connected with the specifics of the given country's budget system.

Consequently, as a result of the analysis of different approaches to the definition of the "optimization" concept, we give our own definition, according to which, optimization is a process of improving the efficiency of economic activity or its product through the development, search and choice of best methods

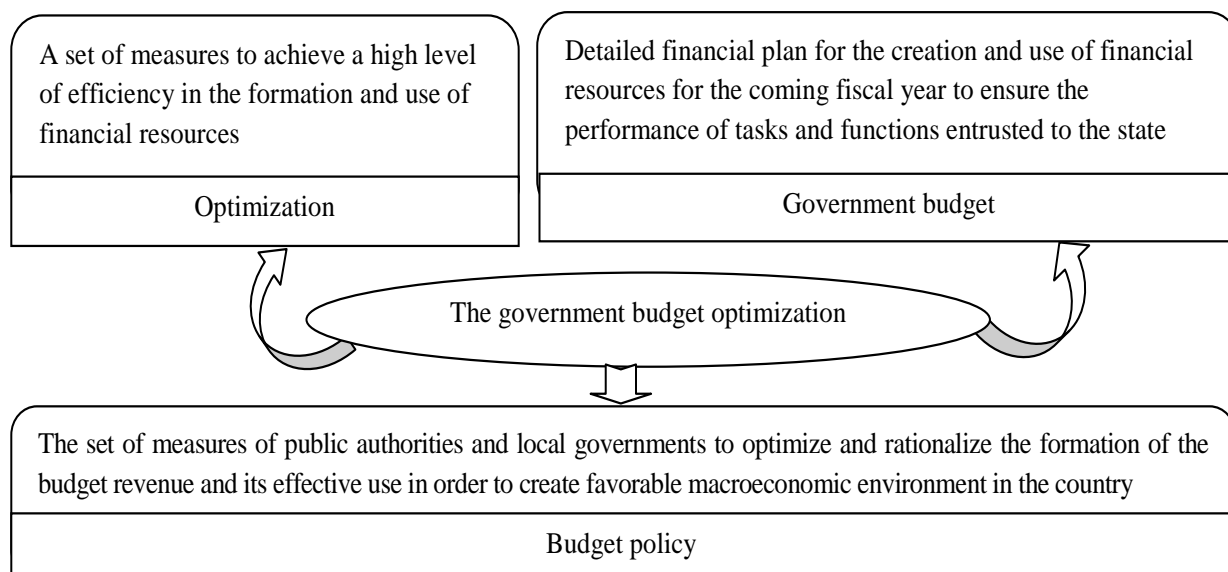


Fig. 1. Using the structural and decomposition approach to the interpretation of the essence of the “government budget optimization” concept

Note: compiled by the author

and solutions under existing conditions. If we consider the concept of optimization in terms of the budget, then we propose a more specific definition, namely, optimization is a set of measures aimed at achieving a high level of efficiency in the formation and use of financial resources.

Table 1

Theoretical approaches to defining the nature of the government budget income

Source	Definition
Budget Code of Ukraine (Verkhovna Rada of Ukraine, 2010)	Tax, non-tax and other non-refundable proceeds, which are stipulated by the Ukrainian legislation (including transfers, fees for providing administrative services, own receipts of budgetary institutions).
Ministry of Finance of the Russian Federation (Dokhody byudzhetu)	Cash in the budget, except for funds that are sources of funding for the budget deficit.
Budget Code of the Russian Federation (State Duma, 1998)	Cash received in a non-refundable and irrevocable manner according to the RF legislation at the disposal of the RF public authorities, the RF members and local self-government bodies.
Yu.V. Pasichnyk (Pasichnyk, 2006)	Part of the centralized financial resources of the state, which are regulated by the relevant regulatory acts and necessary for the performance of its functions.
N.D. Chala & L.V. Lazorenko (Chala, Lazorenko, 2010)	Part of the centralized financial resources of the state necessary for the performance of its functions; the financial basis of state activity.
I.H. Blahun, R.S. Soroka & I.V. Yeleiko (Blahun et al., 2007)	Legal standard-based compulsory and voluntary budget revenues used by the state to perform its functions.
V.I. Ospishchev (Ospishchev, 2008)	Monetary relations between the state and legal entities and individuals in the process of alienating and accumulating a share of the GDP value in the general non-state fund for the purpose of their further use, that is, for the state to perform its functions.
T.O. Frolova (Frolova, 2011)	Cash received in a non-refundable and irrevocable manner following the current classification and the existing legislation.
K. Amadeo (Amadeo, Anderson, 2020)	The total amount of tax revenue received by the federal government each year.
US Tax Policy Center (Peter G. Peterson Foundation)	Transactions with taxes, fees and other revenues collected from various economy sectors.

As follows from the analysis of the scientists' approaches to identifying the "government budget", "optimization" and "fiscal policy" economic categories, we can provide an integrated scheme of the main elements of the holistic concept "the government budget optimization" (figure 1).

Given the figure 1 results, it should be noted that optimizing the government budget should be understood as a set of measures to improve the efficient formation and use of the budget revenue within the framework of budget relations to create a favorable environment for socio-economic development in the country.

3. The purpose of the paper is to explore theoretical approaches to determining the nature of revenues and expenditures of the budget, to consider the control scheme, the basic concepts of balancing and optimization on the basis of balance of income and expenses.

4. Main material

Nowadays, an effective system of income and cost management of the government budget in Ukraine is a priority area of fiscal policy. Optimizing the government budget is a crucial task, as financial resources are limited, and the deficit budget is overloaded with external loans. Only subject to an increase in the efficiency of the formation of the budget revenue and the use of the expenditure it is possible to balance them, and, consequently, to improve the socio-economic development of the country.

Usually, researchers separate the income management system from the expenditure management system. Given the role of the budget revenue, which is to provide financing for the implementation of the tasks set before the state, and taking into account the role of the expenditure part, which is to maximize the

Table 2

Theoretical approaches to defining the essence of the government budget expenditures and expenses

Source	Definition
S.I. Yurii & Y.M. Beskyd (Yurii et al., 2000)	Expenses are economic relations resulting from the disposition of the centralized cash fund and its use as intended.
A.H. Zahorodnii, H.L. Vozniuk & T.S. Smovzhenko (Zahorodnii et al., 2002)	Expenses are economic relations resulting from the government cash funds disposition and their use according to the sectoral or territorial assignment or according to the intended purpose.
O.D. Vasylyk & K.V. Pavliuk (Vasylyk, Pavliuk, 2004)	Expenses are a tool for distributing and redistributing a centralized money fund of the state and its use as intended to ensure public welfare.
S.O. Bulhakova, L.V. Yermoshenko & N.I. Sushko	Expenses are the state's expenditures at the national level, which are necessary for the state to perform its functions.
M.Ya. Azarov, V.A. Kopylov & L.K. Voronova (Azarov, 2006)	Expenses are funds for implementation of programs and measures envisaged by the law on the government budget for the relevant budget year (excluding funds for principal repayment and reimbursement of excessive amounts paid to the budget).
L.V. Feshchenko, P.V. Pronoza & N.V. Kuzmynchuk (Feshchenko et al., 2007)	Expenditures are public payments made on a non-refundable basis; targeted use of financial resources to meet the demand for public goods and to implement redistributive measures.
Budget Code of Ukraine (Verkhovna Rada of Ukraine, 2010)	Expenses are funds directed towards the implementation of programs and measures provided for by the relevant budget, except for funds for principal repayment and the reimbursement of excess revenues to the budget.
Budget Code of the Russian Federation (State Duma, 1998)	Expenses are money paid out from the budget, except for funds that are sources of the budget deficit financing following the given Code.
Government Budget of the Republic of Croatia (Ministry of Finance of the Republic of Croatia)	Expenditures are irrevocable current and capital payments, with/without the use of counter obligations or grants.
The Law on Budget and Financial Management of Latvia (Sejm of Latvia, 1994)	Expenses mean all payments from the government budget, except for funds aimed at principal repayment.
Budget Code of Ukraine (Verkhovna Rada of Ukraine, 2010)	Expenditures are budget expenses, loans from the budget, debt repayment and placement of budget funds on deposits, purchase of securities.

efficient use of available financial resources, we consider it more expedient to consider the management mechanism in a complex manner, including both systems.

It is worth noting that to build a coherent picture of the system of income-cost management of the government budget, it is necessary to consider the essence of the objects of control. The theoretical approaches to the definition of the nature of the government budget income are shown in table 1.

Making the analysis of theoretical approaches to the definition of the government budget revenues essence, we need to interpret this concept. In our opinion, the revenues of the government budget are funds accumulated centrally in the form of tax, non-tax and other revenues in accordance with the current legislation in order to ensure the performance of functions entrusted to the state.

We will further move to other aspects of the government budget – its expenditure and expenses. The theoretical approaches to the definition of the essence of expenditures and expenses of the government budget are shown in table 2.

Thus, having analyzed various approaches to the definition of expenses and expenditure of the government budget, we consider the government budget expenditure as the channeling the financial resources, which are previously accumulated in the government budget, for the implementing target programs by the state, measures, granting of credits from the budget, debt repayment, placement of funds

Table 3

Theoretical approaches to the concepts of managing the government budget, its revenues and expenses

Source	The essence of the government budget management, its revenues and expenses
N.V. Dubinets (Dubinets, 2014)	Budget revenue management is a complex system consisting of governing bodies and the process of management itself.
Yu.V. Sybirianska (Sybirianska, 2007)	Budget revenue management is a set of forms and methods for organizing the system of budget revenues and forming budgetary resources to ensure the timeliness and completeness of budget revenues.
T.S. Naboka (Naboka, 2015)	Budget expense management is a set of measures, forms and methods for organizing a system of budget expenditures that financial departments and other state institutions use to justify the directions and scope of their use in order to ensure that the state performs its functions.
Budget Code of Ukraine (Verkhovna Rada of Ukraine, 2010)	Managing the government budget is a set of actions of the budget process participant in accordance with his powers related to the formation and use of budgetary funds, control over the observance of budget laws aimed at achieving the goals, objectives and concrete results of their activities and ensuring effective, efficient and targeted use of budget funds.
B.S. Maluniak, V.S. Tolubiak, V.P. Horyn & V.V. Pysmennyi (Malyniak, 2015)	Government budget management is a set of interrelated actions (managerial functions), methods, and techniques, directed towards the managing income and expenditure of the state and relations arising in the course of their movement.
S.M. Frolov & I.D. Skliar (Frolov, Skliar, 2012)	Management of the government budget is the targeted influence of the state financial bodies on budgetary relations that arise in the process of formation and use of financial resources.
V.H. Demianyshyn & H.B. Pohrishchuk (Demianyshyn, Pohrishchuk, 2015)	Management of the government budget is a combination of two components: the totality of governing bodies and the stages and methods of management activities in the budget process.
Yu.I. Cherkasova (Cherkasova, 2001)	Management of the government budget is a set of budget relations on the formation and use of the budget fund of the country.
O.D. Vasylyk (Vasylyk, 2000)	Control of the government budget is a set of forms and methods of targeted influence of the state on the formation and use of centralized and decentralized stock resources that are at the disposal of government bodies.
Encyclopedia of American Political Parties and Elections (Pritzker, 2017)	Management of the government budget means generating income (money coming to the state from different sources) and approving expenditures (funds spent on public functions and servicing public debt).

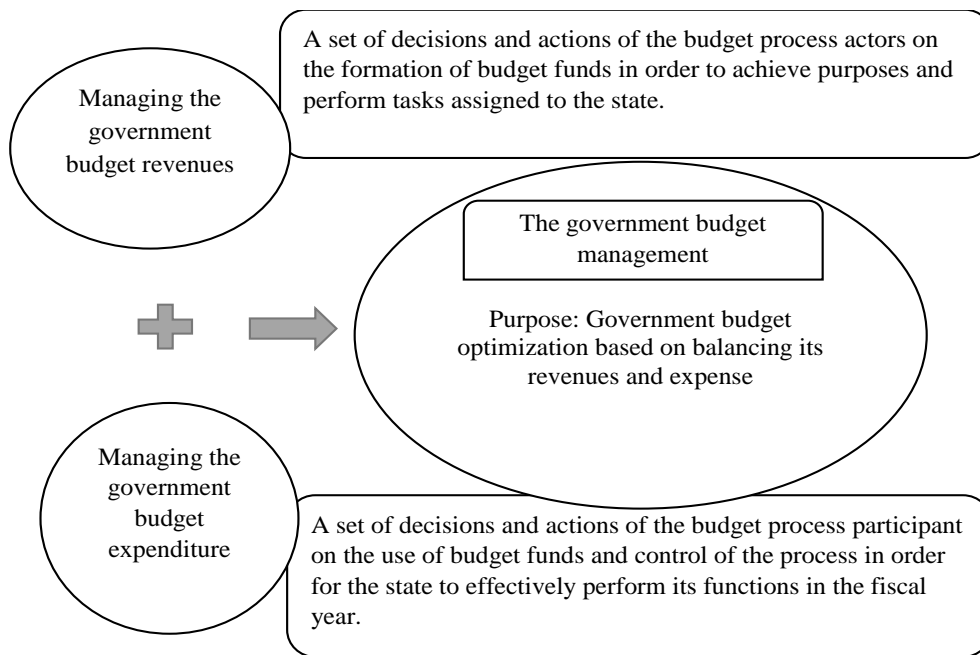


Fig. 2. Overall control scheme of the government budget

Source: compiled by the author

on deposits, purchase of securities in the next budget year to ensure public prosperity and economic growth of the country.

Having considered the essence of budget expenses and revenues it is possible to discuss the issue of managing the government budget, its incomes and expenses (table 3).

Having analyzed different theoretical approaches to the concepts such as the management of the government budget, its revenues and expenditures, one can conclude that the concept of “government budget management” is considered the most in scientific literature, the term “budget revenue management” is rare and more rarely the “budget expenditure management” term appears.

Thus, summing up the analysis of theoretical approaches to the above concepts, we can note that it is necessary to consider the control of the government budget revenues as a set of decisions and actions of the budget process participants on the formation of budget funds in order to achieve the goals and fulfill the tasks assigned to the state. In turn, the management of the government budget expenditures is a set of decisions and actions of the budget process actors on the using the budget funds and controlling this process for the effective implementation of state targeted programs and measures in the budget year.

The management of the government budget is a set of interconnected decisions and actions of the government budget actors on the formation and use of budgetary funds, as well as the control of this process in order for the state to successfully perform all its functions for the purpose of ensuring public prosperity and economic growth of the country.

It is also necessary to separately formulate the concept of “management of the budget expenditure”, since, as previously discussed, expenditures are broader than expenses. Thus, the budget expenditure management is a set of decisions and actions of the budget process participants on the use of budget funds and control of this process in order for the state to effectively perform its functions in the fiscal year.

Consequently, an in-depth understanding of the issues raised above allows us to construct a generalized scheme for managing the government budget (figure 2).

The scheme clearly shows that budget management is a set of management processes, both concerning the revenues of the government budget and its expenditure. Therefore, while developing a system for government budget optimization, it is necessary to consider the management of the government budget in an integrated manner.

Thus, after considering the main issues of managing the incomes and expenditures of the government budget in the context of its optimization, it is possible to proceed to consider ways to optimize and assess the efficiency of income generation and implementation of budget expenditures.

Today's situation, the problem of optimizing the government budget with a view to its balancing is extremely urgent. The researchers distinguish three main concepts of the government budget balance (figure 3).

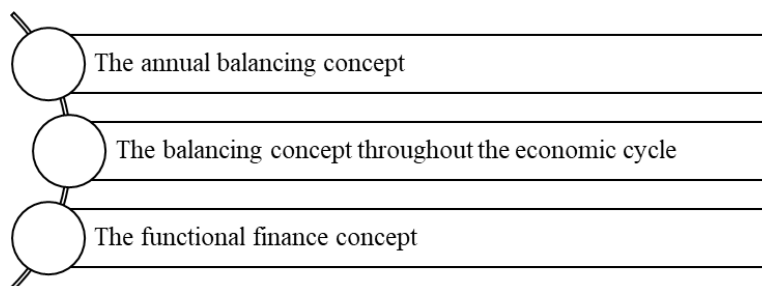


Fig. 3. Basic concepts of balancing the government budget

Source: compiled by the author based on (Sova, 2006)

The concept of annual balancing involves equality of incomes and expenses for each fiscal year. With such a balance, the state can stop inflation, allocate funds towards investment, boost economic growth. According to this concept, fiscal policy cannot contribute to fiscal balancing, since even with a reduction in taxes, household demand and their expenditure do not increase due to the increase in savings due to expectations of higher taxes in the future.

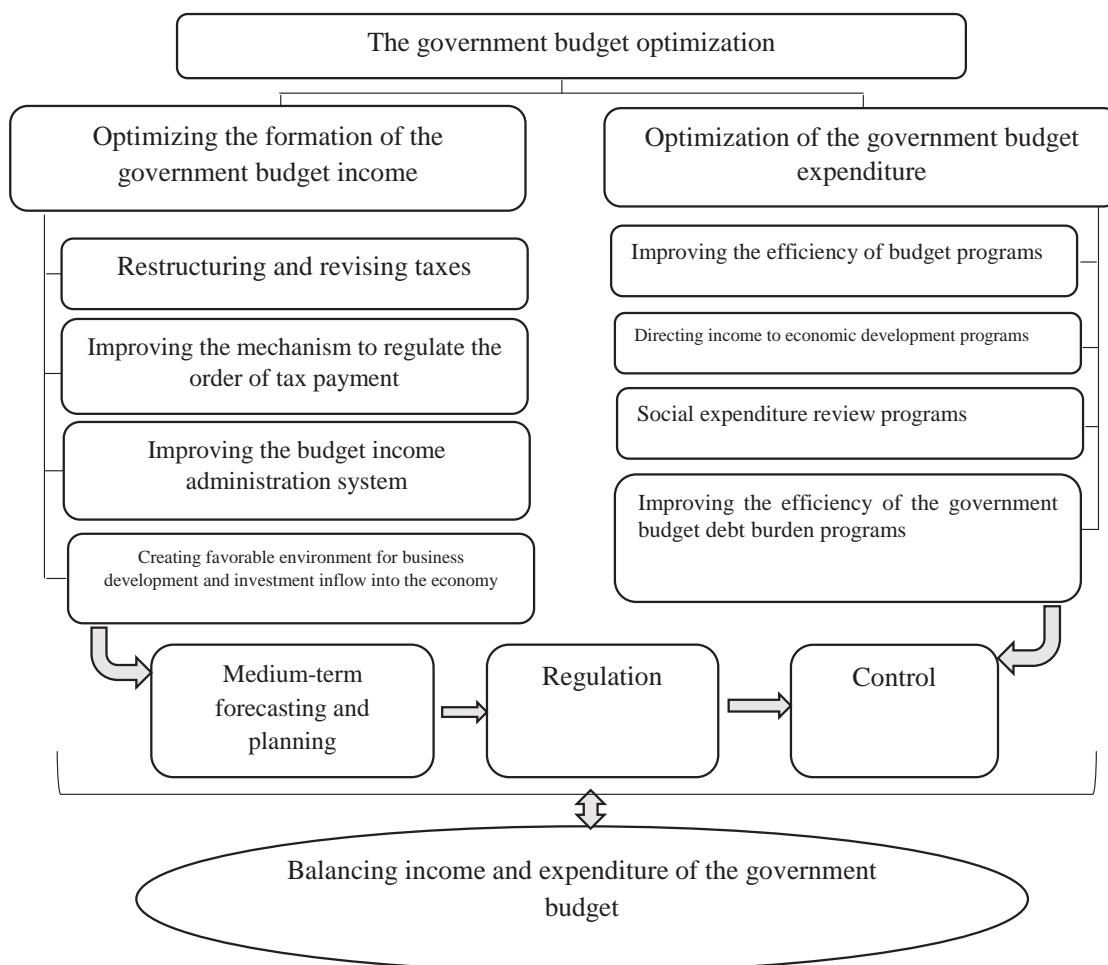


Fig. 4. Conceptual scheme of the government budget optimization based on the income-expenditure balance

Source: compiled by the author

The essence of the balancing concept throughout the economic cycle is to align incomes and expenditures, increasing the latter during the recession, and by reducing expenditure and increasing taxes during the period of economic growth. Under this concept, fiscal policy can have a positive impact on the government budget.

According to the concept of functional finance, balancing the government budget is a derivative aspect of the economic balance. That is, equalizing the government budget revenues and expenditures should be after the macroeconomic stability has been achieved. In general, the budget deficit has a certain positive impact on the economy development.

To sum up, we get a conceptual scheme of the government budget optimization based on balancing of incomes and expenditures (figure 4).

While optimizing the state budget expenditures, it is first necessary to create an effective mechanism of medium-term planning and forecasting; to take into account the priorities of socio-economic policy when creating budget programs; to increase the share of capital expenses and spending on the development of state-owned enterprises; to rationalize expenses on the social sphere; to form an effective system of control for use of budget funds.

5. Conclusions

As a result of the research, theoretical approaches covered in Ukrainian and foreign sources regarding the definition of economic categories “government budget”, “optimization”, and “fiscal policy” were systematized. The author’s own vision of these definitions has been formed.

Given the theoretical conceptualization of the government budget optimization, a structural and decomposition approach to interpreting the essence of the “government budget optimization” concept was used to construct a comprehensive scheme.

Theoretical approaches to the concepts of the government budget management, its revenues and expenditures are systematized, and the interpretation of definitions is supplemented. On the basis of an in-depth analysis of terms, a generalized scheme of the government budget management was constructed.

The basic concepts of the government budget balance and methods of its balancing are considered. The ways to optimize and assess the efficiency of income creation and expenditure realization of the government budget are considered. Based on the analysis, a conceptual scheme of the government budget optimization was formed through income and expenditure balancing.

References:

1. Anyanwaokoro, M., Okolie, I.P.P. (2016). The role of financial institutions in financing deficit budget of governments. *IOSR Journal of Economics and Finance*, iss. 5, pp. 28–31. Retrieved from <http://www.iosrjournals.org/iosr-jef/papers/Vol7-Issue5/Version-1/E0705012831.pdf> [in English].
2. Zahorodnii, A.H. et al. (2000). *Slovnyk bankivskykh terminiv. Bankivska sprava: terminolohichni slovnyk* [Dictionary of banking terms. Banking: glossary]. Kyiv: Akonit, 608 p. [in Ukrainian].
3. Chala, N.D., Lazorenko, L.V. (2010). *Biudzhetna systema: navchalnyi posibnyk* [Budget system: textbook]. Kyiv: Znannia, 223 p. [in Ukrainian].
4. Pasichnyk, Yu.V. (2006). *Biudzhetna systema Ukrainy: navchalnyi posibnyk* [Budget system of Ukraine: textbook]. Kyiv: Znannia-Pres, 607 p. [in Ukrainian].
5. Feshchenko, L.V., Pronoza, P.V., Kuzmynchuk, N.V. (2007). *Biudzhetna systema Ukrainy: navchalnyi posibnyk* [Budget system of Ukraine: textbook]. Kyiv: VD “INZhEK”, 296 p. [in Ukrainian].
6. Yurii, S.I. et al. (2000). *Biudzhetna systema Ukrainy: navchalnyi posibnyk* [Budget system of Ukraine: textbook]. Kyiv: NIOS, 400 p. [in Ukrainian].
7. Vasylyk, O.D., Pavliuk, K.V. (2004). *Biudzhetna systema Ukrainy: pidruchnyk* [Budget system of Ukraine: textbook]. Kyiv: Tsentri navchalnoi literatury, 544 p. [in Ukrainian].
8. State Duma (1998). *Byudzhetnyi kodeks Rossiyskoy Federatsii ot 31 iyulya 1998 g. № 145-Ф3* [The budget code of the Russian Federation of July 31, 1998 № 145-Ф3]. Retrieved from: http://www.consultant.ru/document/cons_doc_LAW_19702/ [in Russian].
9. Verkhovna Rada of Ukraine (2010). *Biudzhetnyi kodeks Ukrainy: Zakon Ukrainy vid 8 lypnia 2010 r. № 2456-VI* [Budget Code of Ukraine: Law of Ukraine of July 8, 2010 № 2456-VI]. Retrieved from: <https://zakon.rada.gov.ua/laws/show/2456-17> [in Ukrainian].
10. Demianyshyn, V.H., Pohrishchuk, H.B. (eds.) (2015). *Biudzhetnyi menedzhment: pidruchnyk* [Budget management: textbook]. Ternopil: Krok, 522 p. [in Ukrainian].

-
11. Frolov, S.M., Skliar, I.D. (2012). Biudzhetni menedzhment prykordonnykh terytorii (teoriia i praktyka): navchalnyi posibnyk [Budget management of border areas (theory and practice): textbook]. Sumy: SumDU, 340 p. [in Ukrainian].
 12. Dokhody byudzheta [Budget revenues]. *Elektronnyy byudzhets: edyny portal byudzhetnoy sistemy Rossiyskoy Federatsii*. Retrieved from: http://budget.gov.ru/epbs/faces/p/%D0%91%D1%8E%D0%B4%D0%B6%D0%B5%D1%82/%D0%94%D0%BE%D1%85%D0%BE%D0%B4%D1%8B?_adf.ctrl-state=15yqvztjb_4®ionId=45 [in Russian].
 13. Dubinets, N.V. (2014). Analiz upravlinnia dokhodamy Derzhavnoho biudzhetu Ukrainy [Analysis of revenue management of the State Budget of Ukraine]. *Naukovyi bloh Natsionalnoho universytetu "Ostrozka akademiia"*. Retrieved from: <https://naub.oa.edu.ua/2014/analiz-upravlinnya-dohodamy-derzhavnoho-byudzhetu-ukrajiny> [in Ukrainian].
 14. Mochernyi, S.V. (ed.) (2000). Ekonomichna entsyklopediia: v 3 tomakh [Economic Encyclopedia: in 3 vol.]. Kyiv: Akademiia, vol. 1, 864 p. [in Ukrainian].
 15. Komarnytskyi, I.F. (2006). Ekonomichna teoriia: pidruchnyk [Economic theory: textbook]. Chernivtsi: Bukovyna, 334 p. [in Ukrainian].
 16. Voronova, L.K. (2006). Finansove pravo Ukrainy: pidruchnyk [Financial law of Ukraine: textbook]. Kyiv: Pretsedent, Moia knyha, 448 p. [in Ukrainian].
 17. Zahorodnii, A.H., Vozniuk, H.L., Smovzhenko, T.S. (2002). Finansovy slovnyk: dovidkovo-navchalne vydannia [Financial dictionary: reference and educational publication]. Kyiv: Znannia; Lviv: Publishing House of the Lviv Banking Institute of the NBU, 566 p. [in Ukrainian].
 18. Cherkasova, Yu.I. (2001). Finansy: konspekt lektsiy dlya studentov spetsial'nosti 060500 "Bukhgalterskiy uchet, analiz i audit" zaochnoy, uskorennoy, individual'noy i distantsionnoy form obucheniya [Finance: lecture notes for students of specialty 060500 "Accounting, analysis and audit" of correspondence, accelerated, individual and distance learning]. Krasnoyarsk. Retrieved from: <https://economics.studio/finansovie-voprosi/finansyi-konspekt-lektsiy-dlya-studentov.html> [in Russian].
 19. Oshpishchev, V.I. (ed.) (2008). Finansy: kurs dlia finansystiv: navchalnyi posibnyk [Finance: a course for financiers: textbook]. Kyiv, 567 p. [in Ukrainian].
 20. Blahun, I.H., Soroka, R.S., Yeleiko, I.V. (2007). Finansy: navchalnyi posibnyk [Finance: textbook]. Lviv: Mahnoliia, 326 p. [in Ukrainian].
 21. Barskyi, Yu.M. et al. (2010). Finansy: navchalnyi posibnyk [Finance: textbook]. Lutsk: RVV LNTU, 570 p. [in Ukrainian].
 22. Stoiko, O.Ya. (ed.) (2014). Finansy: navchalnyi posibnyk [Finance: textbook]. Kyiv: Alerta, 432 p. Retrieved from: <http://ir.znau.edu.ua/handle/123456789/3186> [in Ukrainian].
 23. Frolova, T.A. (2011). Finansy i kredit: konspekt lektsiy [Finance and credit: lecture notes]. Taganrog: TTI YuFU, 282 p. [in Russian].
 24. Krush, P.V., Klymenko, O.V. (2010). Hroshi ta kredyt: navchalnyi posibnyk [Money and credit: textbook]. Kyiv: Tsentri uchbovoi literatury, 215 p. [in Ukrainian].
 25. Hagen, J. von, Hardend, I.J. (1995). Budget processes and commitment to fiscal discipline. *European Economic Review*, vol. 39, iss. 3–4, pp. 771–779. Retrieved from: [https://doi.org/10.1016/0014-2921\(94\)00084-D](https://doi.org/10.1016/0014-2921(94)00084-D) [in English].
 26. Rühle, H., Veen, H.-J. (eds.) (1979). Wachsende Staatshaushalte. Ein internationaler Vergleich der Ursachen, Folgen und Begrenzungsmöglichkeiten [Growing national budgets. An international comparison of causes, consequences and limitation options]. *Studien zur Politik*, issue 1, pp. 300 [in German].
 27. Pritzker, J.B. (2017). Illinois state budget and finances. Retrieved from: https://ballotpedia.org/Illinois_state_budget_and_finances [in English].
 28. Kaldor, N. (1939). Welfare Propositions in Economics and Interpersonal Comparisons of Utility. *The Economic Journal*, vol. 49, no. 195, pp. 549–552 [in English].
 29. Kay, J.A. et al. (2018). Government budget. *Encyclopedia Britannica*. Retrieved from: <https://www.britannica.com/topic/government-budget> [in English].
 30. Верховна Рада України (1996). Konstytutsiia Ukrainy: Zakon Ukrainy vid 28 chervnia 1996 r. № 254к/96-ВР [Constitution of Ukraine: Law of Ukraine of June 28, 1996 № 254к/96-ВР]. Retrieved from: <https://zakon.rada.gov.ua/laws/show/254%D0%BA/96-%D0%B2%D1%80> [in Ukrainian].
 31. Sejm of Latvia (1994). Law on budget and financial management (transl. from Latvian). Retrieved from: [http://www.track.unodc.org/LegalLibrary/LegalResources/Latvia/Laws/Latvia%20Law%20On%20Budget%20and%20Financial%20Management%201994%20\(%20As%20Amended%202009\).pdf](http://www.track.unodc.org/LegalLibrary/LegalResources/Latvia/Laws/Latvia%20Law%20On%20Budget%20and%20Financial%20Management%201994%20(%20As%20Amended%202009).pdf) [in English].
 32. Naboka, T.S. (2015). Upravlinnia vydatkami biudzhetu ta napriamky yoho vdoskonalennia v Ukraini [Budget expenditure management and directions of its improvement in Ukraine] (Extended abstract of candidate's thesis). Kyiv, 20 p. [in Ukrainian].
-

-
33. Azarov, M.Ya. (ed.) (2006). *Naukovo-praktychnyi komentar do Biudzhethnoho kodeksu* [Scientific and practical commentary on the Budget Code]. Kyiv: NDFI, 632 p. [in Ukrainian].
34. Onyshchenko, Yu.I. (2009). *Bankivska systema yak skladova finansovoi systemy* [The banking system as a component of the financial system]. *Naukovyi visnyk Odeskoho derzhavnoho ekonomichnoho universytetu. Seriya "Ekonomika, politolohiia, istoriia"*, no. 8(86), pp. 95–104. Retrieved from: <http://dspace.oneu.edu.ua/jspui/handle/123456789/1426> [in Ukrainian].
35. Sova, O.Yu. (2006). *Kontseptualni pidkhody do problemy zbalansovanosti biudzhetu* [Conceptual approaches to the problem of budget balance]. *Visnyk Kyivskoho natsionalnoho universytetu imeni Tarasa Shevchenka. Seriya "Ekonomika"*, no. 90, pp. 30–32 [in Ukrainian].
36. Sybirianska, Yu.V. (2007). *Teoretychni zasady upravlinnia dokhodamy biudzhetu* [Theoretical principles of budget revenue management]. *Naukovi zapysky Natsionalnoho universytetu "Ostrozka akademiia". Seriya "Ekonomika"*, iss. 9, part 1, pp. 308–316 [in Ukrainian].
37. Vasylyk, O.D. (2000). *Teoriia finansiv: pidruchnyk dlia studentiv ekonomichnykh spetsialnstei vshchychkh navchalnykh zakladiv* [Theory of finance: textbook for students of economic specialties of higher educational institutions]. Kyiv: NIOS, 411 p. [in Ukrainian].
38. Revenue. Peter G. *Peterson Foundation*. Retrieved from: <https://www.pgpf.org/finding-solutions/understanding-the-budget/revenue> [in English].
39. Ministry of Finance of the Republic of Croatia. Retrieved from: <http://www.mfin.hr/en/budget-act> [in English].
40. Malyniak, B.S. (ed.) (2015). *Upravlinnia derzhavnymy dokhodamy i vydatkamy: navchalnyi posibnyk* [Management of public revenues and expenditures: textbook]. Ternopil: Aston, 154 p. [in Ukrainian].
41. Amadeo, K., Anderson, S.G. (2020). *US Federal Government Tax Revenue. Who Really Pays Uncle Sam's Bills? The balance*. Retrieved from: <https://www.thebalance.com/current-u-s-federal-government-tax-revenue-3305762> [in English].
42. Zimarin, K.A., Zakirova, Yu.A. (2014). *Byudzhetnaya politika i osobennosti byudzhetnogo protsessa v Rossiyskoy Federatsii* [Budget policy and features of the budget process in the Russian Federation]. *Vestnik UGNTU. Nauka, obrazovanie, ekonomika. Seriya "Ekonomika"*, no. 2(8), pp. 7–11. Retrieved from: <https://cyberleninka.ru/article/v/byudzhetnaya-politika-i-osobennosti-byudzhetnogo-protsessa-v-rossiyskoy-federatsii> [in Russian].

МЕТОДИЧНИЙ ПІДХІД ДО РОЗГЛЯДУ ОПТИМІЗАЦІЇ ДЕРЖАВНОГО БЮДЖЕТУ НА ОСНОВІ ЗБАЛАНСУВАННЯ ДОХОДІВ ТА ВИТРАТ

Сергій КОЗЬМЕНКО,

*професор Університету митної справи та фінансів,
доктор економічних наук, професор
kozmenko.uabs@gmail.com
orcid.org/0000-0001-7710-4842*

Кхалед АЛЬДІВАНІ,

*аспірант Університету митної справи та фінансів
kaled_762008@yahoo.com
orcid.org/0000-0001-6566-106X*

Сергій ФРОЛОВ,

*аспірант Університету митної справи та фінансів
bigheartofsmallcity@gmail.com
orcid.org/0000-0003-2319-0946*

Ефективне функціонування фінансового сектору є базовою умовою розвитку економіки. Своєю чергою бюджет держави є одним із найважливіших складників цілісної фінансової системи. Оскільки за формування, перерозподіл і використання вагомій частки ресурсів, акумульованих у бюджеті, відповідає сектор державних фінансів, для успішного соціально-економічного регулювання важлива виважена бюджетна політика. Особливої актуальності в умовах напруженої економічної й фіскальної ситуації, зниження інвестиційної привабливості, зростання бюджетного дефіциту та державного боргу набуває питання оптимізації бюджету України. Зокрема, важливим аспектом є забезпечення збалансованості доходів і видатків бюджету, адже в разі дефіциту (перевищення видатків над доходами) підвищується залежність держави від зовнішніх позикових ресурсів, а отже, знижується рівень фінансової безпеки та загалом формуються несприятливі умови для економіки. Оптимальна структура доходів і витрат сприяє макроекономічній стабільності.

Податкова політика як метод збалансування державного бюджету має бути зваженою, адже підвищення податків є дієвим лише до певного рівня. Для уникнення негативного впливу на економічне зростання варто переглядати та розширювати базу оподаткування, не збільшуючи при цьому ставки. Рівень оподаткування має бути соціально справедливим та економічно оптимальним.

Додаткова емісія грошей для фінансування бюджету використовується в ході реалізації бюджетної політики, проте може мати вкрай негативний ефект у вигляді збільшення темпів інфляції. Тому темпи зростання грошової маси у країні не повинні перевищувати темпи зростання ВВП.

Також із метою зрівноваження доходів і видатків держави використовуються позики, як внутрішні, так і зовнішні. Завдяки випуску й продажу державних цінних паперів або отриманню чергового траншу від МВФ держава отримує додаткові фінансові ресурси для покриття дефіциту, проте в цьому випадку зростає державний борг.

Важливо, щоб оптимізація державного бюджету відбувалася в обох напрямках (як щодо доходів, так і стосовно витрат), оскільки для вирішення соціальних питань, забезпечення економічного зростання, підтримки підприємницької діяльності, регулювання економіки необхідна достатня ресурсна база. Водночас не менш важливим є оптимальний розподіл коштів в умовах обмеженості ресурсів із метою досягнення максимального позитивного соціально-економічного ефекту.

У статті наведено теоретичні підходи до визначення характеру доходів, видатків і витрат бюджету, розглянуто загальну схему контролю державного бюджету, основні концепції збалансування державного бюджету, а також розроблено концептуальну схему оптимізації державного бюджету на основі балансу доходів та витрат.

Ключові слова: бюджет, доходи, витрати, баланс бюджету, грошова маса.

THE GLOBALIZATION PROCESS OF THE UKRAINIAN SOCIETY AS A UNIVERSAL FORM OF HISTORICAL DYNAMICS

Purpose. The article covers the impact of globalization on the development and formation of the Ukrainian society.

Methods. The study used general scientific and special methods: scientific generalization and systematization – to determine the characteristics of globalization; comparative analysis – to compare the development of the countries that are members of the European Union with other countries whose government is seeking integration with Europe; systematic analysis – to identify the positive and negative aspects of the impact of globalization on the socio-economic and political development of some countries in the world; logical synthesis – to explain the results of the research.

Results. It has been researched that globalization as a whole and world economic relations, in particular, is an objective process that expresses the totality of conditions of development of the modern world community and, first of all, scientific and technical and economic progress. This is an inevitable stage of the ascension of humanity to new horizons, which ultimately has positive beginnings, but at the same time is not devoid of serious and large-scale contradictions, and therefore does not exclude negative influences. It is analyzed that the main negatives of globalization is the dominance of the “wealthier” country over the less developed in the economic and even cultural spheres. The downsides also include the commercialization of the cultural values. Globalization in its present form is subordinated to the interests of the world capital (transnational corporations) operating using the military-political power of the leading Western powers. However, these states themselves are leading the world globalization process in the pursuit of their own geopolitical interests.

Conclusions. It is determined that the functioning of the economy of Ukraine does not comply with international legal norms in terms of taxation system, regulatory system, transparency of financial transactions, etc., which is the cause of unfavorable investment climate. Despite the high level of declarations made about the need to attract foreign investment, there is in fact no sound policy strategy for the creation of a favorable investment climate.

Key words: globalization, policy, European integration, national economy, government.

JEL Classification: H100, H 190, A100.

Ivan SHKURAT,

Associate Professor
of Department of Political Science
of Hryhorii Skovoroda
University in Pereyaslav,
Doctoral Student of the Institute
of Personnel Training
of the State Employment Service
of Ukraine,
Candidate of Science
in Public Administration
ishiva@ukr.net
<https://orcid.org/0000-0002-8810-2890>

1. Introduction

The positive impact of globalization is the significant and steady increase in world industrial production and trade, the almost universal decline in inflation, the widespread introduction of new principles and methods of the economic activity. The current undeniably high rate of the structural change, for certain, cannot be stored indefinitely, as there are actually limits to how far globalization processes can go. Full-fledged globalization – in which trade and finance are regulated only by a risk-adjusted rate of return, and in itself the risk factor does not depend on distances and national borders – is hardly achievable. Globalization in general and world economic relations, in particular, is an objective process that expresses the totality of conditions for the development of the modern world community and, above all, scientific, technical and economic progress. This is an inevitable stage of the ascension of humanity to new horizons, which ultimately has positive beginnings, but at the same time is not devoid of serious and large-scale contradictions, and therefore does not exclude negative influences. Participation in a process that is not clear makes such a participant the object of the process, and real knowledge makes it possible to influence and benefit from the

course of events. We believe that the essence of the process of globalization is that no phenomenon (economic, social, legal, political, military, etc.), any process in the society, in our life, however large or, by contrast, small was, can not be considered as itself. The interconnectedness and interdependence of individual actions, phenomena and processes is intensifying, requiring the consideration and evaluation of the opposite effect, of all consequences, both close and distant, in the immediate and remote areas.

2. Literature review

This topic has been explored by many national and foreign scholars and practitioners, in particular V. Andrushchenko, V. Volynka, V. Liakh, V. Pazenko, M. Mykhalchenko, R. Voitovych (Voitovych, 2012), O. Molnar (Molnar et al., 2006), Y. Pavlenko (Pavlenko, 2000), A. Pekhnyk, Y. Prisyazhnyuk (Pekhnyk, Prisyazhnyuk, 2018), V. Sidenko (Sidenko, 2012), S. Sokolenko (Sokolenko, 2002), O. Toffler, R. Robertson, M. Castels, F. Fukuyama, S. Huntington and others. The scientists have thoroughly explored the main problems and prospects of integration policy in Ukraine in the age of globalization.

3. The purpose of the article is to explore the concept of “globalization”, its main directions, advantages and disadvantages.

4. Empirical results

Ukraine has the potential to become not just a European, but a global state, and if it adopts and develops global values, it will be able to become even higher than Europe. Europe is now living rather than global values, but European values, and globalization is only an element of trade for it. And as soon as Ukraine is able to overcome Europe’s limitations on its own, Europe itself will be interested in Ukraine becoming a part of it. Therefore, the question is whether Ukraine will be able to use the world’s resources not only to survive, but also to influence others. And its purpose must be to organize itself and to absorb the global values beyond the narrow borders of Europe. Innovative development of a society is possible under the condition of the state policy of promoting the development of entrepreneurship through its various forms, as well as encouragement at the level of enterprises of the development of entrepreneurial earnings in their own employees (Sokolenko, 2002: 35). That is, summing up what the scientist can say that the innovative development of the society is possible on the condition of a timely, ubiquitous and universal initiative.

Globalization is a relatively new and highest stage in the development of the process of internationalization of numerous aspects of the social life (Pavlenko, 2000). Globalization as a universal form of historical dynamics leads to qualitative and quantitative changes in the functioning of the transitional societies (Voitovych, 2012).

According to V. Sidenko it is possible to speak about the high probability that at the first stages of implementation of the concept of integration development within the Common Economic Space (hereinafter – the CES) there will be a discrepancy in certain economic parameters with the standards of the European Union (hereinafter – the EU) (Sidenko, 2012). For example, there is a problem of widespread harmonization of Ukraine’s economic mechanisms with the CES member-states. At the same time, we have similar commitments to the European Union. So in alignment with which economies do we focus? Perhaps it should be made clear that we will coordinate economic parameters within the CES solely on the basis of the provisions of the European Union law. However, today this is not the case in the CES agreement.

Another issue is the creation of a customs union for the CES member-states. However, in the documents fixing its European choice, Ukraine sets itself the task of joining the customs union with the EU. And the agreement on the Common Economic Space also aims to create a customs union and does not spell out the answers to the question how to combine the two tasks. Instead, one can hear the argument that we will first achieve competitiveness through integration into the CES and then integrate into the European Union. It is necessary to develop a unified strategy for the European integration, in which both the processes of our accession to the European Union and the development of opportunities in the post-Soviet space are clearly coordinated – with the focus on the formation of a wide pan-European economic space (Sidenko, 2012).

Based on the scientific achievements of these and other researchers, we will try to find out the place of Ukraine in the international coordinate system and the most probable vector of development, which is derived from the sum of external and internal vectors that affect our country. The framework, in this case, is the process of globalization against which all processes unfold. If they coincide with the dominant directions of the global development of the society, then their strength is much greater, and if on the contrary – contradictory, it leads to their attenuation.

In order to enter the EU, Ukraine must already have the prerequisites for itself to rise and be at the level of a European state. The country has the potential to become not just a European country, but a global state, and if it adopts and develops the global values, it can become even higher than Europe. Europe is now living rather than global values, but European values, and globalization is only an element of trade for it. As soon as Ukraine is able to overcome Europe's limitations on its own, Europe itself will be interested in Ukraine becoming a part of it (Molnar et al., 2018).

Let us note what prevents this. Firstly, the image of Ukraine in the world as a corrupt state. Secondly, the functioning of the Ukrainian economy does not comply with the international legal standards in terms of taxation system, regulatory system, transparency of the financial transactions, etc., which is the cause of unfavourable investment climate. Thirdly, despite the high level of declarations made about the need to attract foreign investment, there is in fact no sound effective public policy strategy to create a favourable investment climate. Ways to create such a climate: low tax rates, a stable political and legal system, identified priority areas for attracting investment, creating special zones and more. Fourthly, it is necessary to regulate the work of foreign transnational companies (hereinafter – TNCs). They have to create modern production in our country, and the Ukrainian state, for its part, has to create favourable conditions for them to want to invest in Ukraine, but in such a way that it does not harm their own business.

According to some experts, Ukraine is too open to the world, but somewhat one-sided. The structure of Ukrainian exports is dominated by products of chemistry and metallurgy, that is, almost raw materials (Molnar et al., 2018). With regard to political integration, we agree with experts who advise not to be attached to one particular center of political gravity, but to interact with all powerful states in the areas most relevant to the Ukrainian interests. Ukraine's increasing role in globalization will increase with its economy, internal consensus on key foreign policy and foreign economic orientations, strengthening of the political system and having its own strategic plan for country involvement in the globalization processes. Ukraine is very little involved in the globalization processes. This is due to the fact that Ukraine is a fairly closed country that is not integrated into international economic and very specifically integrated into international political relations. Of course, one cannot be free from globalization as the globalization progresses. Therefore, of course, the manifestations of globalization affect us as well. However, if we consider the positive and negative aspects of globalization, Ukraine mostly does not use the positives, while being affected by the negatives of globalization.

If we consider the most widespread negatives of globalization, we can speak of the dominance of some wealthier country in the economic and even cultural sphere. They also include the commercialization of the cultural values, the subordination of the world to the interests of powerful transnational corporations, and more. Globalization in its current form is subordinated to the interests of the world capital (transnational corporations) operating, using the military-political power of the leading Western powers, especially the USA. However, these states themselves, especially the USA, are leading the world globalization process in the pursuit of their own geopolitical interests, largely autonomous to those of leading transnational companies.

Modern Ukraine has a dual and slightly unfavourable position in terms of geopolitical self-identification. The point here is, first of all, in the contradiction between the economic and political interests of our establishment. In economic relations we have nothing to expect from the West. Western investment is insignificant and does not relate to the development of advanced technologies, and Western markets remain and will remain virtually closed to us. However, the Ukrainian authorities seek the wing and custody of the West. The latter defines its declarative statements (little confirmed by real actions) about aspirations for Euro-Atlantic structures. On the other hand, the real markets for Ukraine are the Caucasian and Central Asian states, as well as the countries of Asia and Africa, where our goods can be successfully sold (Sidenko, 2012).

However, Ukraine must integrate into international economic relations and find its real place and opportunities to maximize the benefits of globalization and minimize the negatives. Given the current state of the national economy, given the various ratings, it is difficult to say that Ukraine will soon become a leading country. Therefore, one must realistically consider its role and place in the world. It should be guided by European values and position itself as a European country. However, it is not fundamental whether Ukraine is a member of the EU or not. Examples can be given of Switzerland or Norway that are not EU member states, but are European states.

The integration into the CES can really lead to improvement of the quality of work of the Ukrainian enterprises, to increase of budget revenues, to improvement of financing of the social sphere, and well-

being of the population. Therefore, if the EU is a strategy, a common course, then the CES is a tactical current case that would allow to a certain extent to revive the national economy, which would again raise the standard of living of the citizens.

Ukraine's economic interests (energy supply, export opportunities for its goods, etc.) orient Ukraine to the East and South – Central Asia, China, Iran, and others. However, because of fears of strengthening Russia's political dominance, the Ukrainian establishment and much of the society, especially in the Western regions, are seeking a full rapprochement with the West and joining the Euro-Atlantic structures. The West is really interested in minimizing Russian influence in Ukraine, but it is not going to open its markets for our goods, invest in our economy any significant funds and share with us the latest technologies. The contradictions between the economic and political interests of Ukraine determine the duality and inconsistency of its foreign policy.

Ukraine is not sufficiently involved in the globalization processes. However, the world development of globalization involves Ukraine and our political elite. As soon as our nationally conscious political elite start to save money in Ukraine, there is a prospect that Ukraine will have a special national factor to consider. However, if you look at the world processes, there are several features worth noting. Ukraine as a territorial space is interesting enough for the world political players. Ukraine is not interesting because it has some achievements. However, it has technological and other resources, it is interesting as a geostrategic space, as a transit territory. Ukraine is interesting as an experiment of traversing a large territory from one political and economic system to another. Our state is the optimal form where, avoiding civil conflict, one can create structures that either integrate into the world community (meaning the transatlantic community) or be integrated into the East (not necessarily negatively coloured by this concept) and accept the traditions of the East (Voitovych, 2012).

For objective reasons Ukraine cannot, in principle, play a prominent role in the world globalization process. This is due to its low position in the world economy, lack of national consensus on key issues of foreign economic and foreign policy orientation, weakness and contradiction of the political course, and many others. Ukraine could only increase its role in the world globalization process in the conditions of rapid economic development on an innovative basis, reaching public consensus on the most important issues of the internal and external strategy development and, thus, a decisive, independent foreign policy without constant review of the instructions (whatever they came out of).

As for the other aspect of globalization – integration, Ukraine's desire to integrate both into the EU and the CES raises some questions. The European Union not only prevents, but also seeks to stimulate the development of the regional economic cooperation among the countries with which it has partnerships. In particular, the concept of the European Commission "Greater Europe" that offers new opportunities for joining the European economic structures of neighbouring countries (including Ukraine) provides for the promotion of cooperation and development of free trade between these countries (Sokolenko, 2002). However, the problem is that it is impossible to combine the two integration processes if the principles of their construction are incompatible. In this respect, there are significant problems in the Common Economic Space agreement, signed in September 2003, in terms of its compliance with Ukraine's European integration course. Unfortunately, the agreement has no guarantees of basing this process on EU principles and there is no clear guarantee of using this mechanism as a mechanism for joint entry into the European economic space.

Therefore, it is possible to speak about the high probability that already in the first stages of implementation of the concept of development of integration within the Common Economic Space there will be a mismatch on certain economic parameters with the standards of the European Union. For example, there is a problem of widespread harmonization of Ukraine's economic mechanisms with the CES member-states. At the same time, we have similar commitments to the European Union. So in alignment with which economies do we focus? Perhaps we should make it clear that we will coordinate the economic parameters within the CES solely on the basis of the European Union law. However, today this is not the case in the CES agreement.

5. Conclusions

It is impossible to avoid the impact of the globalization processes. Ukraine is still poorly involved in these processes. The reasons for the low level of involvement of Ukraine in the world globalization processes are the unpreparedness and unwillingness of the political elite to participate in them, primarily due to the lack of a global outlook and lack of knowledge of foreign languages; lack of consensus in the

society regarding the direction of development of the country; absence of powerful domestic transnational corporations. The way is seen in the rotation of the elites, the creation of their own TNCs, the conduct of their own independent policies, subject to widespread public support, adopting a national course on globalization. There is no consensus among experts as to the prospects of Ukraine's integration with the EU and the CES, but Ukraine must be as close as possible to all possible unions, associations, etc. which provide it with security and markets. To do this, one must strive to be the subject of integration initiatives under any circumstances. Ukraine needs to come up with a unified strategy for the globalization of the country in which the processes of our accession to the European Union and the Common Economic Space and to other existing associations, organizations and unions, and to the ones that will appear. The national interests of Ukraine are a measure of evaluation of any arrangements. Active entry into the global world requires adequate staffing, the creation of its own TNCs, the harmonization of all systems of the country to the international standards for its own flexible policies, on condition.

References:

1. Sokolenko, S.I. (2002). Proizvodstvennye sistemy globalizatsii: seti, al'yansy, partnerstva, klasteri [Globalization production systems: networks, alliances, partnerships, clusters]. Kyiv: Logos, 648 p. [in Russian].
2. Pekhnyk, A.V., Prysiazhniuk, Yu.I. (2018). Transnatsionalni korporatsii u realiiakh suchasnoho mizhnarodnoho biznesu [Transnational corporations in the realities of modern international business]. *Zbirnyk naukovykh prats Cherkaskoho derzhavnoho tekhnolohichnoho universytetu. Seriya "Ekonomichni nauky" – Collection of scientific works of Cherkasy State Technological University. Series "Economic Sciences"*, iss. 51, pp. 82–90 [in Ukrainian].
3. Voitovych, R.V. (2012). Hlobalizatsiia yak universalna forma istorychnoi dynamiky perekhidnykh suspilstv [Globalization as a universal form of historical dynamics of transitional societies]. *Visnyk Natsionalnoi akademii derzhavnoho upravlinnia pry Prezydentovi Ukrainy – Bulletin of the National Academy of Public Administration under the President of Ukraine*, iss. 1, pp. 21–32 [in Ukrainian].
4. Sidenko, V.R. (2012). Modyfikatsiia svitovoi ekonomiky pid vplyvom novitnikh faktoriv hlobalnoi transformatsiinoi kryzy [Modification of the world economy under the influence of the latest factors of the global transformation crisis]. *Ekonomika Ukrainy – Ukraine economy*, no. 5, pp. 18–31 [in Ukrainian].
5. Pavlenko, Yu.V. (2000). Hlobalizatsiia ta yii protyrichchia [Globalization and its contradictions]. *Nauka ta naukoznavstvo – Science and science of science*, no. 3, pp. 11–23 [in Ukrainian].
6. Molnar, O.S., Popovych, I.O., Tokar, M.M. (2018). Hlobalizatsiia – vazhlyvyi faktor suchasnykh mizhnarodnykh ekonomichnykh vidnosyn [Globalization is an important factor in modern international economic relations]. *Formuvannia rynkovykh vidnosyn v Ukraini – Formation of market relations in Ukraine*, no. 11, pp. 20–24 [in Ukrainian].

ГЛОБАЛІЗАЦІЙНИЙ ПРОЦЕС УКРАЇНСЬКОГО СУСПІЛЬСТВА ЯК УНІВЕРСАЛЬНА ФОРМА ІСТОРИЧНОЇ ДИНАМІКИ

Іван ШКУРАТ,

доцент кафедри політології

Університету Григорія Сковороди у Переяславі,

докторант Інституту підготовки кадрів Державної служби зайнятості України,

кандидат наук з державного управління

ishiva@ukr.net

<https://orcid.org/0000-0002-8810-2890>

Мета. У статті висвітлено питання, що полягає в аналізі впливу глобалізації на розвиток і становлення українського суспільства.

Методи. У дослідженні використані такі загальнонаукові та спеціальні методи: наукове узагальнення й систематизація – для визначення характеристик глобалізації; порівняльний аналіз – для зіставлення розвитку країн, що входять до Європейського Союзу, з іншими країнами, уряд яких прямує до інтеграції з Європою; системний аналіз – для виявлення позитивних і негативних сторін впливу глобалізації на соціально-економічний та політичний розвиток деяких країн світу; логічний синтез – для пояснення результатів дослідження.

Результати. Визначено, що позитивний вплив глобалізації полягає в значному й неухильному збільшенні світового промислового виробництва та торгівлі, зниженні темпів інфляції, широкому впровадженні нових принципів і методів господарської діяльності. Обґрунтовано, що Україна має потенціал для того, щоб стати не просто європейською, а навіть глобальною державою. Визначено, що глобалізація загалом і світогосподарських відносин зокрема – це об'єктивний процес, який виражає сукупність умов розвитку сучасного світового співтовариства та насамперед науково-технічного й економічного прогресу. Це неминучий етап сходження людства до нових обривів, що в підсумку несе позитивні початки, проте водночас не позбавлений серйозних і масштабних протиріч, а отже, не виключає негативні впливи. Констатовано, що основним негативом від глобалізації є домінування «заможнішої» країни над менш розвиненою в економічній і навіть культурній сферах. До негативних рис також належать комерціалізація культурних цінностей, підпорядкування світу інтересам потужних транснаціональних корпорацій тощо. Глобалізація в її сучасному вигляді підпорядкована інтересам світового капіталу (транснаціональних корпорацій), які діють, використовуючи військово-політичну могутність провідних західних держав. Однак ці держави керують світовим глобалізаційним процесом в ім'я реалізації власних геополітичних інтересів.

Висновки. Встановлено, що функціонування економіки України не відповідає міжнародним правовим нормам участині, що стосується системи оподаткування, системи регулювання, прозорості фінансових трансакцій тощо, що й постає причиною несприятливого інвестиційного клімату. Незважаючи на те, що на високому рівні декларативно робляться заяви про необхідність залучення іноземних інвестицій, насправді відсутня зважена дієва стратегія державної політики щодо створення сприятливого інвестиційного клімату.

Ключові слова: глобалізація, політика, євроінтеграція, національна економіка, уряд.

COCAINE SMUGGLING BY HELP OF NARCO-SUBMARINES FROM SOUTH AMERICA TO EUROPE AND AFRICA: A PROVEN CASE – A LAST WAKE-UP CALL FOR CUSTOMS SERVICES AROUND THE WORLD

The drug cartels of South America and organized crime have long been known to use semi-sub speedboats, Narco-Torpedoes and Narco-Submarines for smuggling cocaine from South America to Mexico and eventually to the United States of America. The drug trade is increasing strongly and organized crime is always looking for better and smarter ways to smuggle drugs into target countries. The story started as early as 1993 and eventually it started to be a case of chain manufacture of custom-built Narco-Submarines in 2007. Counter-measures in the Americas in the war on drugs are the use of Anti-Submarine Technology such as Submarine-hunter Aircrafts, Submarines and Coast Guard Ships. Now for the first time a Narco-Submarine has been seized transporting more than 3 000 Kilogram Cocaine to Spain. Are Europe's and Africa's Customs Administrations prepared? Are Europe's and North Africa's Coast Guard forces equipped and working together in order to seize Narco-Submarines from the Americas? This is the last wake up call for a newly emerging threat to Customs Services around the World. This capacity building and background paper investigates newspaper and official reports as well as scholarly papers on the development and evolution of Narco-Submarines in Middle and South America and the current use of Narco-Submarines in Middle and South America. In particular details on new developments in the increase of their use in smuggling attempts to North America are given. In particular it investigates and discusses in detail the case of a proven trans-Atlantic trip of a Narco-Submarine from South America to Europe in November 2019. In conclusion this paper calls for a higher awareness and better vigilance for this novel way of irregular naval warfare and drug smuggling from Southern America to Europe and Africa by help of Anti-Submarine technology such as Anti-Submarine Aircrafts, Anti-Submarine Naval Ships and the use of naval forces such as the Coast Guard in coordinated operations in Europe and Africa in order to combat global drug smuggling.

Key words: customs technology, law enforcement, smuggling, illicit drugs, smuggling technology, anti-submarine technology, submarine detection, capacity building, irregular naval warfare.

JEL Classification: E 26, F 14, K 33, K 34, Q 37.

Carsten WEERTH,
Senior Customs Officer
Main Customs Office Bremen,
Senior Lecturer
FOM Hochschule für Oekonomie
und Management
carsten.weerth@gmx.de
orcid.org/0000-0003-3702-8456

1. Introduction

Drug-smuggling techniques are applied in different modes by drug cartels and organized crime units in order to smuggle illicit drugs over borders: by help of low flying aircraft, speedboats, body-packers, utilizing fishing or merchant vessels (in hollow spaces or off board), using self-propelled semisubmersibles (SPSS) or Narco-torpedos, by help of the rip-off technique in bags of merchant containers such as banana containers, by reforming drugs into normal trade items, by simply smuggling them in hollow spaces in cars by help of drug tunnels and many other ways.

This paper investigates the use of Narco-Submarines in Middle and South America and investigates the case of a proven trans-Atlantic trip in November 2019.

2. Overview about drug smuggling techniques

Several drug smuggling techniques are used by the drug cartels globally.

- Well documented examples are:
- low flying aircraft that fly over borders underneath the radar;
- speedboats that run in safe distances along the shore and coastline in Middle America;

-
- body-packers that ingest small packages of drugs;
 - utilizing fishing, yachts or cargo/merchant vessels (in hollow spaces or off board);
 - using self-propelled semisubmersibles (SPSS) or Narco-torpedos;
 - using the rip-off technique in bags of merchant containers such as banana containers;
 - reforming drugs into normal trade items;
 - using hollow spaces in cars;
 - using drug tunnels;
 - using narco-drones;
 - using mail, parcels and postal packages.

Many more techniques may apply. Smuggling techniques are normally well documented by the UN and its special illicit drug programs, by the national customs and police services (examples from Germany's Customs Service (Zoll, 2020a; Zoll, 2020b; Zoll, 2020c; Zoll, 2020d)) and even on Wikipedia (Illegal drug trade; Narco-submarine; Mule)). This paper focusses on the use of Narco-Submarines in the Americas and the potential crossing of the Atlantic Ocean and its implications.

3. Evolution of Narco-Submarines in the Americas

The so called Narco-Submarines were invented in South America by the drug cartels of Colombia in order to transport cocaine to the US. At first speedboats and semi-submersible speedboats and self-propelled semisubmersibles (SPSS) or Narco-torpedoes (as early as 1993 (UNODC, 2012; Ramierez, Bunker, 2015: 9–14; Ramierez, Bunker, 2015: 38–45; Ramierez, Bunker, 2015: 29–32; Ramierez, Bunker, 2015: 33–37)), were mostly used until more and more sophisticated Narco-Submarines were developed up to 2010.

Three phases of Narco-Submarine development can be distinguished:

- Narco-sub Experimentation Phase: Early 1990ies through 2004,
- Narco-sub Prototyping Phase (Semi-Submersibles): 2005–2006,
- Narco-sub Standardization and Maturity Phase: 2007–2016 (Jacome Jarmillio, 2016).

And since then? Further developments are likely and this paper investigates a new development – trans-oceanic smuggling travels from the Americas to Africa/Europe.

Hundreds of photos of Narco-Submarines and their varying design are well documented in the internet (Amicus, National Geographic Society, Nautica Report, Time Magazine, all online) and the scholarly literature on this matter (Ramierez, Bunker, 2015). The design of Narco-Submarines has also been explained by help of drawings and graphs (El pais; Sutton, 2019a).

4. Importance of Maritime Smuggling in the Americas

As of 2012 about 80 percent of all drugs were channelled from the Andean regions in maritime Smuggling to Honduras or Mexico (Ramierez, Bunker, 2015: 6–8). Up to 30 percent of this smuggling way is done by help of Narco-Submarines (Ramierez, Bunker, 2015). Data of seizures of Narco-Submarines has been published for 1993–2013 (Ramierez, Bunker, 2015: 38–45) with a peak of 20 seizures in 2009. Current data speak of a Narco-Submarine Epidemic in 2020 with 35 seizures in 2018 and 36 seizures in 2019 (Sutton, 2020). The Cocoa harvest has been very high in 2017–2018 – about three times higher than in 2008 (Sutton, 2020) and a lot of Cocaine is in Columbia that must be shipped away to its Markets in North America and Europe.

5. Capacities of Narco-Submarines in the Americas

Narco-Submarines are said to have a single load capacity of up to 8 000–10 000 Kilograms of illicit drugs per shipment (the biggest Narco-Submarine is said to be built for up to 200 000 Kilograms or 200 Tons of drugs (Ramierez, Bunker, 2015)). They can travel semi-submersed or at underwater travel up to depths of 20 meters and are difficult to detect.

Some are having two motor systems (Diesel/Electro (Ramierez, Bunker, 2015)).

They mostly are travelling in coastal waters in the Middle Americas.

6. Long-distance travels of Narco-submarines across the Atlantic Ocean? A legend?

It has long been speculated that Narco-Submarines can also cross the Atlantic Ocean in order to make long-distance travels to Europe or North- or Western-Africa. It is a legend of Spanish law enforcement officers that a cartel member may have mentioned that way of smuggling.

In 2007 an extraordinary large Narco-Submarine was found on Columbia's Caribbean Coast and in 2014 a large Narco-Submarine was found in Guyana (South Americas) and both were speculated to be a model for a long distance run (Sutton, 2019a).

But many have laughed at that idea as being nautically and technically not-feasible.

In December 2015 a Narco-Submarine was discovered in Brazil on the Atlantic coast, which only makes sense when the destination is Europe or Africa (Sutton, 2019a).

In November 2019 a Narco-Submarine was brought up off the coast of Spain transporting more than 3 000 Kilograms of cocaine. This must be seen as a legend proven.

What are the consequences and implications? Are Europe's and Africa's customs offices, Coast Guards and Naval forces (Marines) equipped and prepared for such an unexpected naval warfare at their coasts?

7. The proven case of a Narco-Submarine approach from the Americas to Europe in November 2019

On 24 November 2019 a 22 meter long slender single motor Narco-Submarine was caught off Spain with more than 3 000 Kilogram of Cocaine as load (The Guardian, 2019a; The Guardian, 2019b). Technically it was a so called low profile vessel (LPV) that is difficult to detect but cannot fully submerge (Sutton, 2019a). It was reported to have travelled from Guyana (South America) with a likely stop at Cape Verde (off the Coast of Africa) to Portugal and Spain (Sutton, 2019a). The mode of travel is uncertain. It is unknown if it has done the whole journey on its own or may have been towed or taken by a large ship for a long distance and then set on its own journey later. In 2006 a self-fabricated submarine (from Spain) was first attempting to bring cocaine ashore off Galicia/Spain but the cocaine was loaded on it near the coast (The Guardian, 2009; Sutton, 2019a). The design of this 2019 cocaine smuggling Narco-Submarine can be likened to a Narco-Submarine from South America that was caught in the Pacific Ocean off Columbia but with a longer design which was most likely due to more fuel tanks (Sutton, 2019b).

8. Discussion

The mode of narcotic drugs and cocaine smuggling is varying according to the geographical setting and the border problems. At the US-Mexican-Border low flying Aircraft, tunnels and drones are often in use. And also the method of drug smuggling through desert routes is applied.

In trans-Atlantic the preferred smuggling method is often by help of merchant vessels, body-packers in air-travel.

The rise of Narco-Submarines as mode of smuggling rose in the Americas from 2007 on where the newest and best-use design has been developed.

Up to 10 000 Kilograms Cocaine can be shipped in one shipment in costal near waters (Goudar, 2019).

This has been one of the success-model of the cartels in the Americas in order to smuggle drugs from South Americas to Mexico and from there to the United States of America.

In three cases from 2007 to 2015 there were suspicions about Atlantic naval drug shipments by help of Narco-Submarines.

This proven case of a trans-Atlantic smuggling journey from South America to Europe in November 2019 shows the ability and practice of cocaine shipments by help of Narco-Submarines in great quantities (here 3 tons). It must be a wake-up call for the law-enforcement authorities in Africa and Europe. The customs authorities and coast guards must be aware of slowly travelling mostly submersed Narco-Submarines that are trying to land the remote coasts of Northern Africa or Portugal/Spain/France/Ireland/UK. Possibly the Narco-Submarines are not landing their load but re-distributing it on to Yachts or Fishing-Boats and Merchant Vessels off the coast. But vigilant European Coast Guard System must be aware of such a new threat and be able to detect such Narco-Submarines.

Submarine Hunters must be employed from the Naval Marines of the Countries in Question.

That also applies for flying Submarine Hunter aircrafts and the use of satellite technique.

The US is successfully employing its P-3 Orion Anti-Submarine (Hunting) Aircraft in the Americas (Sutton, 2020).

9. Conclusions

The War on drugs can only be won when all modes, techniques and ways of smuggling drugs into a country are known and understood. One way that is common in the Americas is the use of Narco-Submarines. A new Narco-Submarine Epidemic is under way since 2018 when 35 Narco-Submarines were seized and in 2019, when 36 Narco-Submarines were seized. For the first time in November 2019 the trans-Atlantic smuggling of more than 3 000 Kilograms of cocaine to from the Americas to Spain has been publicly well documented and widely discussed in the media and in law-enforcement circles.

The new generation of Narco-Submarines is good enough to cross an entire ocean (either on their own power or being towed).

This is, this must be a wake-up call to all law enforcement and customs authorities in Europe and Africa. Apparently the drug cartels have found a vehicle for smuggling large quantities of drugs into another continent.

That raises the question of how well the law-enforcement side is prepared.

In the US the coast guard is openly combating the drug-speedboats and Narco-Submarines successfully.

But this problem has not been openly on the agenda in Europe and Africa, yet. Now it is.

References:

1. Amicus International Consulting. Narco-submarines: photo-gallery. Retrieved from: <https://www.pinterest.de/amicusint/narco-submarines/> [in English].
2. Bureau for International Narcotics and Law Enforcement Affairs (2018). 2018 International Narcotics Control Strategy Report. Volume 1: Drug and Chemical Control. *US Department of States*. Retrieved from: <https://www.state.gov/wp-content/uploads/2019/04/2018-INCSR-Vol.-I.pdf> [in English].
3. Dinan, S. (2017). Drones become latest tool drug cartels use to smuggle drugs into U.S. *The Washington Times*. Retrieved from: <https://www.washingtontimes.com/news/2017/aug/20/mexican-drug-cartels-using-drones-to-smuggle-heroi/> [in English].
4. Dunigan, M., Hoffmann, D., Chalk, P., Nichiporuk, B., DeLuca, P. (2012). Maritime Irregular Warfare / RAND – National Defense Research Institute, 139 p. Retrieved from: https://www.rand.org/content/dam/rand/pubs/monographs/2012/RAND_MG1127.pdf [in English].
5. El país. El submergible: photo-scheme. Retrieved from: <https://www.elpais.com.co/elpais/archivos/narco-submarinos.jpg> [in English].
6. Fiegel, B. (2017). Narco-Drones: A New Way to Transport Drugs. *Small Wars Journal*. Retrieved from: <https://smallwarsjournal.com/jrnl/art/narco-drones-a-new-way-to-transport-drugs> [in English].
7. Fraser, D.M. (2012). Posture Statement of General Douglas M. Fraser, United States Air Force Commander, United States Southern Command Before the 112th Congress House Armed Services Committee (March 6, 2012). Retrieved from: <https://apps.dtic.mil/dtic/tr/fulltext/u2/a565018.pdf> [in English].
8. Goudar, J. (2019). “Narco-Subs” Pose Underwater Threat for US, Colombia Authorities. *InSight Crime*. Retrieved from: <https://www.insightcrime.org/news/brief/narco-sub-underwater-threat-us-colombia/> [in English].
9. Illegal drug trade. *Wikipedia: the free encyclopedia*. Retrieved from: https://en.wikipedia.org/wiki/Illegal_drug_trade [in English].
10. Jacome Jaramillo, M. (2016). The Revolutionary Armed Forces of Colombia (FARC) and the Development of Narco-Submarines. *Journal of Strategic Security*, vol. 9, no. 1, pp. 49–69. Retrieved from: <https://scholarcommons.usf.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1509&context=jss> [in English].
11. Mule (Smuggling). *Wikipedia: the free encyclopedia*. Retrieved from: https://en.wikipedia.org/wiki/Mule_%28smuggling%29?wprov=sfla1 [in English].
12. Narco-submarine. *Wikipedia: the free encyclopedia*. Retrieved from: <https://en.wikipedia.org/wiki/Narco-submarine> [in English].
13. National Geographic Society (2010). Cocaine Submarine Pictures: New Seizure Shows Advances. Retrieved from: <https://www.nationalgeographic.com/news/2010/7/100713-cocaine-submarines-sub-smuggling-drugs-world-crime-pictures/> [in English].
14. Nautica Report (2020). NarcoSub: i sommergibili della droga [NarcoSub: the drug submarines]. Retrieved from: <https://www.nauticareport.it/dettnews.php?idx=6&pg=5943> [in Italian].
15. Ramierez, B., Bunker, R.J. (eds.) (2015). Narco-Submarines: Specially Fabricated Vessels Used for Drug Smuggling Purposes / U.S. Army Foreign Military Studies Office. Claremont, 164 p. Retrieved from: <http://fmso.leavenworth.army.mil/Collaboration/Interagency/Narco-Submarines.pdf> [in English].
16. Stone, H. (2011). RawFeed: The evolution of the drug submarine. *InSight Crime*. Retrieved from: <https://www.insightcrime.org/news/analysis/the-evolution-of-the-drug-submarine/> [in English].
17. Sutton, H.I. (2019a). Not unexpected: first Trans-Atlantic drug submarine. *Forbes*. Retrieved from: <https://www.forbes.com/sites/hisutton/2019/11/26/big-deal-for-drug-smuggling-first-atlantic-narco-submarine/#2fb11e763a13> [in English].
18. Sutton, H.I. (2019b). Open source intelligence: Atlantic drug submarine may be related to pacific example. *Forbes* Retrieved from: <https://www.forbes.com/sites/hisutton/2019/11/27/new-drug-submarine-captured-in-spain-may-be-connected-to-pacific-example/#579bed1f2453> [in English].

19. Sutton, H.I. (2020). U.S. coast guard could face a narco submarine epidemic in 2020. *Forbes*. Retrieved from: <https://www.forbes.com/sites/hisutton/2020/01/07/why-america-could-continue-to-face-a-narco-submarine-epidemic-in-2020/#78ebe6d37369> [in English].

20. The Guardian (2009). Captured: drug-smuggling submarine built in garden shed. Retrieved from: <https://www.theguardian.com/world/2009/dec/16/drugs-cocaine-smuggling-submarine-spain> [in English].

21. The Guardian (2019a). Cocaine seized from “narco-submarine” in Spain was likely headed for UK. Retrieved from: <https://www.theguardian.com/world/2019/nov/27/police-in-spain-find-three-tonnes-of-cocaine-in-narco-submarine> [in English].

22. The Guardian (2019b). Spanish police arrest suspected pilot of “narco-submarine”. Retrieved from: <https://www.theguardian.com/world/2019/dec/01/spanish-police-arrest-suspected-pilot-narco-submarine> [in English].

23. UNODC (2012). Transnational Organized Crime in Central America and the Caribbean: a threat assessment. Vienna, 80 p. Retrieved from: https://www.unodc.org/documents/data-and-analysis/Studies/TOC_Central_America_and_the_Caribbean_english.pdf [in English].

24. WCO (2019). Illicit Trade Report 2018. Retrieved from: http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/enforcement-and-compliance/activities-and-programmes/illicit-trade-report/itr_2018_en.pdf?db=web [in English].

25. Zanetti, L. (2019). Silent Runner: photo gallery of narco-submarines. *Time*. Retrieved from: http://content.time.com/time/photogallery/0,29307,2061931_2260133,00.html [in English].

26. Zoll (2020a). 550 Gramm Kokain für Nürnberg abgefangen: Postsendung in Leipzig herausgefiltert, ein Tatverdächtiger in Untersuchungshaft [Caught 550 grams of cocaine for Nuremberg: Filtered out mail in Leipzig, a suspect in custody]. Retrieved from: https://www.zoll.de/SharedDocs/Pressemitteilungen/DE/Rauschgift/2020/z77_kokain_zfam.html [in German].

27. Zoll (2020b). Bodypacker von Zoll gestoppt: Rund ein Kilogramm Kokain im Körper [Body pack stopped by inches: Around a kilogram of cocaine in the body]. Retrieved from: https://www.zoll.de/SharedDocs/Pressemitteilungen/DE/Rauschgift/2020/z84_bodypacker_m.html [in German].

28. Zoll (2020c). 27 Kilogramm Kokain im Reiseverkehr sichergestellt: Frankfurter Flughafenzoll nimmt zwei Männer vorläufig fest [27 kilograms of cocaine secured in travel: Frankfurt airport tariff temporarily arrests two men]. Retrieved from: https://www.zoll.de/SharedDocs/Pressemitteilungen/DE/Rauschgift/2020/z80_kokain_im_reiseverkehr.html [in German].

29. Zoll (2020d). Einfuhrschmuggel von 717 Kilogramm Kokain: Straßenverkaufswert des Rauschgifts beträgt mehr als 50 Millionen Euro [Import smuggling of 717 kilograms of cocaine: street sales value of the drug is more than 50 million euros]. Retrieved from: https://www.zoll.de/SharedDocs/Pressemitteilungen/DE/Rauschgift/2020/z75_kokain_speisesalz.html [in German].

**КОНТРАБАНДА КОКАЇНУ З ПІВДЕННОЇ АМЕРИКИ ДО ЄВРОПИ ТА АФРИКИ
ЗА ДОПОМОГОЮ НАРКОСУБМАРИН: ДОВЕДЕНИЙ ВИПАДОК –
ОСТАННІЙ СИГНАЛ ДЛЯ МИТНИХ СЛУЖБ У ВСЬОМУ СВІТІ**

Карстен ВЕЕРТ,

головний офіцер митної служби

Головного митного управління міста Бремен,

старший викладач

Університету прикладних наук у галузі економіки та управління

carsten.weerth@gmx.de

orcid.org/0000-0003-3702-8456

Уже давно відомо, що наркокартелі Південної Америки та злочинні організації використовують напівпідводні швидкохідні катери, наркоторпеди та наркосубмарини для контрабанди кокаїну з Південної Америки до Мексики, а потім і до Сполучених Штатів Америки. Обсяги торгівлі наркотиками значно зростають, організована злочинність завжди шукає найкращі й хитрі способи контрабанди в цільові країни. Цей процес розпочався ще в 1993 році і, як наслідок, призвів до виникнення ланцюга виробництва спеціально розроблених наркосубмарин у 2007 році. Американські контрзаходи у війні проти наркотиків – це використання таких противодних технологій, як протичовнова авіація, підводні човни та кораблі берегової охорони. Наразі зафіксовано перший випадок перехоплення наркосубмарини, яка транспортувала понад 3 000 кілограмів кокаїну до Іспанії. Чи підготовлені митні адміністрації Європи та Африки? Чи споряджені належним чином і здатні співпрацювати сили берегової охорони Європи та Північної Африки, щоб захопити наркосубмарини з Америки? Це останній сигнал від нової загрози для митних служб у всьому світі. У цій публікації про нарощування потенціалу обігу наркотиків досліджено довідкові матеріали, газетні й офіційні доповіді, а також наукові праці про розвиток та еволюцію наркосубмарин у Центральній і Південній Америці, їх сучасне використання. Зокрема, подано ґрунтовну інформацію про їх сучасний розвиток і використання у спробах контрабанди до Північної Америки. Досліджено й детально обговорено випадок доведеної трансатлантичної подорожі наркосубмарини з Південної Америки до Європи в листопаді 2019 року. У підсумку дослідження автор закликає до більшої обізнаності й пильності щодо цього нового способу ведення нерегулярної морської війни та контрабанди наркотиків із Південної Америки до Європи й Африки за допомогою таких противодних технологій, як протичовнова авіація, протичовнові кораблі та використання військово-морських сил (наприклад, берегової охорони) у координованих операціях у Європі та Африці з метою боротьби зі світовою контрабандою наркотиків.

Ключові слова: митна технологія, правоохоронна діяльність, контрабанда, заборонені наркотики, технології контрабанди, протичовнові технології, виявлення підводних човнів, нарощування потенціалу, нерегулярна морська війна.

STATE REGULATION IN THE FIELD OF CYBERSPACE PROTECTION AS A COMPONENT OF ENSURING INFORMATION SECURITY OF UKRAINE

The purpose of the article is to highlight state regulation in the field of cyberspace protection as a component of information security of Ukraine at the present stage of state building.

Methods. The methodological basis of the development was the dialectical approach, which involves consideration of the prerequisites for the formation of state regulation of ensuring cybersecurity as an objective reality, which is constantly evolving affected by technical, political, legal, security and other factors. In addition, in the course of the study historical and legal, system-structural, structural-functional methods, the method of ascending from abstract to specific were applied.

The results of the scientific development of the topic selected allows to state that the main legal basis for ensuring cybersecurity in Ukraine is the implementation of measures aimed at secure protection of cyberspace, provided that it is open, accessible to the participants of information exchange and stable. Accordingly, state administration of cyberspace security must meet the requirements of a democratic state system and the rule of law when the potential restriction of the right of a person to information is reduced to a minimum. At the level of administrative and legal regulation of cybersecurity processes, state measures in the field of cyberspace protection are not defined systematically, there is no clear list of them and administrative cooperation of cybersecurity entities is not regulated properly.

It has been established that Ukraine commits itself to the European Union to carry out a number of measures aimed at the development and protection of cybersphere within the framework of combating cybercrime, ensuring military-technical cooperation and crisis management, creating and protecting a system of information exchange on terrorism with the European Union, protecting computerized information systems and electronic data exchange system for economic cooperation, development of innovations and innovative technologies.

The conclusions of the study of topic selected allow to point out that the current legal bases of implementation of state policy in ensuring the protection of cyberspace and cybersecurity have major faults. In particular, it is the slowness in reforming the cybersecurity regulatory framework, the lack of regulation of aspects of the administrative interaction of subjects of the national cybersecurity system, the lack of clear legal regulation of main risks and threats to the national cyberspace. Proposals for optimizing the regulatory support of these aspects should form the basis for further scientific research on these issues. It is also substantiated that Ukraine needs to develop and implement measures aimed at fulfilment of provisions of the Association Agreement between Ukraine and the European Union regarding the development and protection of cyberspace.

Key words: Ukraine, cyberspace, cybersecurity, national cybersecurity system, information security, state administration, European Union.

JEL Classification: H56, K23, K24, L86, O38.

Pavlo YAKOVLEV,

*Doctoral Candidate
of V. N. Karazin Kharkiv National
University,
Candidate of Juridical Sciences
rex2400@ukr.net
orcid.org/0000-0003-0172-5946*

1. Introduction

One of the most significant achievements of scientific and technological progress for the humanity was the creation and expansion of the functional potential of information and communication technologies. Today, with the development of the Internet, entire spheres of manufacturing and non-manufacturing public relations in most countries of the world develop in cyberspace. The advantages of using this method of social communication are obvious, as it provides speed, economy, and maximum saturation of information of socio-economic, political and legal, cultural ties. At the same time, the accelerated growth of the cybernetic component of state-building processes creates the risks of its unlawful damage or unfair use.

According to experts, tens of thousands of crimes with the use information technologies, software, hardware and special technological equipment are committed in Ukraine annually (Nikulesko, 2019). Currently, these issues are compounded by the fact that no comprehensive nationwide cyber security management system has been developed in Ukraine. Thus, in the Cybersecurity strategy of Ukraine (hereinafter – the Cybersecurity strategy), which was put into effect by the Decree of the President of Ukraine “On the decision of the National Security and Defense Council of Ukraine of January 27, 2016 “On the Cybersecurity Strategy of Ukraine ” of March 15, 2016 № 96/2016, it is stated that the insufficient effectiveness of the subjects of the security and defense sector of Ukraine in counteracting cyber threats of military, criminal, terrorist and other nature, as well as the inadequate level of coordination, interaction and information exchange between the subjects of cyber security actualize cybersecurity threats (President of Ukraine, 2016). Considering the above, the urgent task of modern legal science is a comprehensive development of organizational and legal aspects of the state regulation in the field of information security of Ukraine. In view of this, *the purpose of the article* is to highlight state regulation in the sphere of cyberspace protection as a component of information security of Ukraine at the present stage of state building.

2. Research methodology

Scientific analysis of state regulation of cyberspace protection has become possible due to the application of a specific system of methods of scientific knowledge. In particular, the methodological basis of the article was the dialectical-materialistic approach, which provides consideration of the prerequisites for the formation of state regulation of cybersecurity as an objective reality, which is constantly evolving affected by technical, political, legal, security and other factors. In addition, a number of methods of scientific knowledge were applied. In particular, the historical method was used to highlight the genesis of regulatory support for cybersecurity. The system-structural method has made it possible to determine the system of aspects of interdependence of increasing danger level of threats to the information environment of Ukraine and the legislative regulation of its protection. The application of the structural-functional method has given the possibility to reveal the role and importance of state-administrative measures for the protection of cyberspace in the aspect of ensuring the information security of the state. The classification method allowed to group primary management measures aimed at ensuring cybersecurity. The method of theoretical and legal forecasting was applied to substantiate the perspective tasks of legal science in the part of further development of the basics of ensuring cybersecurity of Ukraine.

3. An overview of the main sources of scientific information that were used in the course of writing the article

The general theoretical bases of the article were the ideas, conclusions and proposals of national scientists and experts, who considered the issue of securing the cyberspace of Ukraine from unlawful encroachments in their researches and analytical materials. In particular, these are D.V. Dubov, D.S. Nikulesko, V.F. Furashev, O.I. Yaremenko, and others). Also in the process of preparing the article the regulatory acts of the national legislation of Ukraine on cyber security, as well as the Association Agreement between Ukraine and the European Union were used.

4. Main body

4.1. The concept of cyberspace

The term “cyberspace” has been widely used in many fields of engineering and humanities for a long time. Its formation and introduction into the scientific discourse of jurisprudence is determined, as D.V. Dubov notes, rethinking of the priorities of national interests and self-understanding, considering that the protection of interests of state and nation in the information society is qualitatively different from the traditional understanding of security as a “state of safety” (Dubov, 2014). Such rethinking originates from the second half of 20th century, when information became not only a product that has market value at both global and national levels, but also received the status of a resource for state development. In fact, cyberspace is one of the main components of the information infrastructure of a state. As a complex phenomenon, cyberspace includes both a material component (means of computer technology, communication equipment, material components of telecommunication networks, writing algorithms and codes, etc.) and intangible – information, code reading processes, information transmission processes (Furashev, 2012).

In the legal field of Ukraine, the universal definition of the category “cyberspace” appeared only in 2017, when the Law of Ukraine “On the Fundamental Principles of Cybersecurity of Ukraine” of October 5, 2017 № 2163-VIII (Verkhovna Rada of Ukraine, 2017) was adopted. In art. 1 of the act, cyberspace is defined as an environment (virtual space) that enables communications and/or public relations, formed as a result of the functioning of compatible (connected) communication systems and the provision of electronic communications using the Internet and/or other global data networks. Experts point out that the main reason that pushed the legislator to define the term “cyberspace” at the legislative level was the complete unwillingness of Ukraine to repel cyberattacks and the lack of legal regulation of state administration of cybersecurity. For example, in 2016, Petya/Nyetya virus caused unprecedented damage to Ukraine: more than half of Ukrainian companies were affected by the virus, they lost large amounts of data and financial reporting over several reporting periods and had to recover the information for a long time (Krasnyi et al., 2018). Legal regulation of the cyberspace category has become an important step towards structuring a systematic state policy aimed at ensuring cybernetic and information security of Ukraine. In terms of protecting cyberspace from unlawful encroachment, the criminalization of cyberspace crimes is also important. The law provides the concept of “cybercrime”, which is referred to as a socially dangerous act for which criminal liability is provided.

4.2. Legal regulation of the components of state regulation policy in the sphere of cyberspace protection

Regarding the issue of state regulation in the field of cyberspace protection, two important features should be emphasized. The first feature is that, according to the content of Article 7 of the above mentioned Law of Ukraine “On Basic Principles of Cybersecurity of Ukraine”, the key principle of ensuring cybersecurity in Ukraine is the realization of measures aimed at secure protection of cyberspace subject to ensuring its openness, accessibility and stability. Accordingly, the state administration of cyberspace security must meet the requirements of a democratic state system and the rule of law when the potential restriction of the right of a person to information is reduced to a minimum.

O.I. Yaremenko explains this by the fact that cyberspace is a kind of “conductor” of information processes and is a dominant part of the information sphere of the modern society (Yaremenko, 2017). The second feature is that at the level of administrative and legal regulation of cybersecurity processes, state regulation measures in the field of cyberspace protection are not defined systematically and there is no clear list of them. For example, analyzing the provisions of the Cybersecurity strategy and the Law of Ukraine “On the Fundamental Principles of Cybersecurity of Ukraine” systematically, the main measures of the state regulation policy in the field of cyberspace protection are:

- ensuring the formation and realization of the state policy in the field of cybersecurity, protection of national interests of Ukraine in cyberspace and combating cybercrime by the Cabinet of Ministers of Ukraine;
- organization and maintenance of the national cybersecurity system;
- formation of the system of information security audit on the objects of critical infrastructure;
- taking measures by duty-holders to prevent the use of cyberspace for military, intelligence, subversive, terrorist and other illegal and criminal purposes;
- development of measures for protection of cyberspace from real and potentially aggressive actions, preventing the use of cyberspace for terrorist, military and other unlawful purposes;
- ensuring interaction of the main subjects of the national cybersecurity system (State Service of Special Communications and Information Protection of Ukraine, National Police of Ukraine, Security Service of Ukraine, Ministry of Defense of Ukraine and General Staff of the Armed Forces of Ukraine, intelligence agencies, National Bank of Ukraine);
- guaranteeing the safety and sustainable functioning of electronic communications and state electronic information resources, etc.

It should be noted that the primary prerequisite for state regulatory policy in the field of cyberspace protection is the creation of a regulatory and term base in the field of cybersecurity, as well as the development of appropriate regulatory support for the specified issue. The national practice of rulemaking on this issue is just shaping and undergoing a stage of its formation. The imperative for the formation of an effective legal field for the realization of state regulation in the field of cyberspace protection should be a combination of political, legal, technical, energy, intellectual, financial aspects of the development and implementation of legal structures for ensuring cyberspace security.

4.3. Issues of effective functioning of the system of state regulation in the sphere of cyberspace protection at the present stage of state formation

The Cybersecurity strategy includes a list of factors that are major problems for the national cybersecurity policy. In particular, it is an inadequacy of the electronic communications infrastructure of the state and the level of its development and security with modern requirements; insufficient level of protection of critical infrastructure, state electronic information resources and information, the requirement for protection of which is established by law, against cyber threats; unsystematic cyber defense measures for critical infrastructure; insufficient development of the organizational and technical infrastructure providing cybersecurity and cyberprotection for the state electronic information resources; insufficient effectiveness of subjects of the security and defense sector of Ukraine in counteracting cyber threats of military, criminal, terrorist and other nature; insufficient level of coordination, interaction and information exchange between cybersecurity entities. We consider it necessary to amend the Cybersecurity strategy with provisions on the regulation of the main forms of administrative and managerial interaction of subjects of the national cybersecurity system.

In addition, we also consider it appropriate to focus on the slowness of changes to the core documents that make up the legal field of cybersecurity. For instance, since 2016 the Cybersecurity strategy has not been amended, despite the increasing number and level of danger of cyberspace threats in Ukraine. It was only at the end of 2019 when the need to amend the Cybersecurity strategy was officially announced due to the need to counteract modern cyber weapons and the development of the National Cyber Security Coordination Center within the National Security and Defense Council (“The Day”, 2019). The situation is similar with the Law of Ukraine “On the Fundamental Principles of Cybersecurity of Ukraine”, which has been amended only once within a few years. This situation needs revision and mobilization of lawmaker's efforts with the participation of international partners and subject to the positive experience of the countries of the world in the implementation of cyberspace protection policy.

4.4. Priority areas for reforming state regulation in the field of cyberspace protection in accordance with the Association Agreement

In 2014, a historic document was signed between Ukraine and the European Union – the Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States of the other part (hereinafter – the Association Agreement). The document identified the strategic foundations for reforming all spheres of public life in Ukraine in accordance with the standards and rules of the European Union (Verkhovna Rada of Ukraine, 2014).

The Association Agreement provides a system of conceptual provisions related to cyberspace protection activities. In particular, Ukraine takes an obligation of establishing a system of interaction with the European Union in the direction of combating cybercrime (art. 26), ensuring military-technical cooperation and crisis management (art. 10), creating and protecting a system of information exchange on terrorism with the European Union (art. 23), ensuring protection of computerized information systems and electronic data exchange system on various forms of economic cooperation (art. 135). In addition, the Association Agreement contains a significant number of provisions on the development of innovations and innovative economic relations. It is impossible without the cyberspace. Accordingly, at the national level, Ukraine needs to develop and implement measures aimed at realization of the Association Agreement provisions regarding the development and protection of cyberspace. Such multi-stage and systematic work provides the involvement of a wide range of specialists for the implementation of the formulated tasks with a focus on ensuring information security of Ukraine.

5. Conclusions

State regulation of cyberspace protection processes in Ukraine is an integral part of ensuring information security of the state. At the beginning of 2020, the basic legal framework for the implementation of state policy towards ensuring the protection of cyberspace and cybersecurity were formed at the level of the legal system of Ukraine. However, the administrative and legal regulation of the state regulation of protection of cybersecurity is characterized by certain gaps. In particular, it is the slowness of reforming the regulatory framework for cybersecurity, the lack of regulation of aspects of administrative interaction between the subjects of the national cybersecurity system, the lack of clear regulation of the main risks and threats to the national cyberspace of Ukraine. These concepts should form the basis of prospective scientific research on identified issues in order to make sound proposals for improving the national cybersecurity legislation.

References:

1. Nikulesko, D.S. (2019). Kiberbezpeka: vrazlyvi momenty [Cybersecurity: vulnerable moments]. *Yurydychna hazeta online*. Retrieved from: <https://yur-gazeta.com/publications/practice/inshe/kiberbezpeka-vrazlyvi-momenti.html> (access date: 14.04.2020) [in Ukrainian].
2. President of Ukraine (2016). Pro rishennia Rady natsionalnoi bezpeky i oborony Ukrainy vid 27 sichnia 2016 roku “Pro Stratehiiu kiberbezpeky Ukrainy”: Ukaz Prezydenta Ukrainy vid 15 bereznia 2016 r. № 96/2016 [On the decision of the National Security and Defense Council of Ukraine of January 27, 2016 “On the Cyber Security Strategy of Ukraine”: Decree of the President of Ukraine of March 15, 2016 № 96/2016]. *Ofitsiinyi visnyk Ukrainy*, no. 23, pp. 69, art. 899 [in Ukrainian].
3. Dubov, D.V. (2014). Kiberprostir yak novyi vymir heopolitychnoho supernytstva: monohrafiia [Cyberspace as a new dimension of geopolitical rivalry: monograph]. Kyiv: NISD, 328 p. [in Ukrainian].
4. Furashev, V.M. (2012). Kiberprostir ta informatsiinyi prostir, kiberbezpeka ta informatsiina bezpeka: sutnist, vyznachennia, vidminnosti [Cyberspace and information space, cybersecurity and information security: essence, definitions, differences]. *Informatsiia i pravo*, no. 295), pp. 162–169 [in Ukrainian].
5. Verkhovna Rada of Ukraine (2017). Pro osnovni zasady zabezpechennia kiberbezpeky Ukrainy: Zakon Ukrainy vid 5 zhovtnia 2017 r. № 2163-VIII [On the basic principles of cybersecurity of Ukraine: Law of Ukraine of October 5, 2017 № 2163-VIII]. *Vidomosti Verkhovnoi Rady Ukrainy*, no. 45, pp. 42, art. 403 [in Ukrainian].
6. Krasnyi, A., Zymaryn, A., Miahka, I., Polietaieva, M. (2018). Bezpeka v merezhi: yak Ukraina rehuliuvatyme kiberprostir. Ta yak novyi zakon “Pro osnovni zasady zabezpechennia kiberbezpeky Ukrainy” vplyne na biznes [Network security: how Ukraine will regulate cyberspace. And how the new law “On the basic principles of cybersecurity in Ukraine” will affect business]. *mind.ua*. Retrieved from: <https://mind.ua/openmind/20184620-bezpeka-v-merezhi-yak-ukrayina-regulyuvatyme-kiberprostir> (access date: 10.04.2020) [in Ukrainian].
7. Yaremenko, O.I. (2017). Kiberprostir yak skladova informatsiinoi sfery: problema pravovoi instytualizatsii [Cyberspace as a component of the information sphere: the problem of legal institutionalization]. *Kiberbezpeka v Ukraini: pravovi ta orhanizatsiini pytannia: materialy Vseukrainskoi naukovo-praktychnoi konferentsii* (Odesa, November 17, 2017). Odesa: Odessa State University of Internal Affairs, pp. 194–195 [in Ukrainian].
8. “The Day” (2019). RNBO pratsiuie nad onovlenoiu Stratehiiieu kiberbezpeky [The National Security and Defense Council is working on an updated Cyber Security Strategy]. *day.kyiv.ua*. Retrieved from: <https://day.kyiv.ua/uk/news/141219-rnbo-pracyuye-nad-onovlenoyu-strategiyeyu-kiberbezpeky> (access date: 10.04.2020) [in Ukrainian].
9. Verkhovna Rada of Ukraine (2014). Pro ratyfikatsiiu Uhody pro asotsiatsiiu mizh Ukrainoiu, z odniiei storony, ta Yevropeiskym Soiuzom, Yevropeiskym spivtovarystvom z atomnoi enerhii i yikhnimy derzhavamy-chlenamy, z inshoi storony: Zakon Ukrainy vid 16 veresnia 2014 r. № 1678-VII [On ratification of the Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part: Law of Ukraine of 16 September 2014 № 1678-VII]. *Vidomosti Verkhovnoi Rady Ukrainy*, no. 40, pp. 2843, art. 2021 [in Ukrainian].

ДЕРЖАВНЕ РЕГУЛЮВАННЯ У СФЕРІ ЗАХИСТУ КІБЕРПРОСТОРУ ЯК СКЛАДНИК ЗАБЕЗПЕЧЕННЯ ІНФОРМАЦІЙНОЇ БЕЗПЕКИ УКРАЇНИ

Павло ЯКОВЛЄВ,

докторант

Харківського національного університету імені В. Н. Каразіна,

кандидат юридичних наук

rex12400@ukr.net

orcid.org/0000-0003-0172-5946

Мета статті полягає у висвітленні державного регулювання у сфері захисту кіберпростору як складового компоненту інформаційної безпеки України на сучасному етапі державного будівництва.

Методи. Методологічною основою дослідження став діалектичний підхід, що передбачає розгляд передумов формування державного регулювання забезпечення кібербезпеки як об'єктивної реальності, яка постійно еволюціонує під впливом технічних, політико-правових, безпекових та інших чинників. Крім цього, у процесі дослідження було застосовано історико-правовий, системно-структурний, структурно-функціональний методи, а також метод сходження від абстрактного до конкретного.

Результати наукового розроблення представлені теми дають підстави констатувати, що основною юридичною засадою забезпечення кібербезпеки в Україні є реалізація заходів, спрямованих на надійний захист кіберпростору за умови забезпечення його відкритості, доступності для учасників інформаційного обміну та стабільності. Відповідно, державне адміністрування безпеки кіберпростору має відповідати вимогам демократичного державного устрою та принципу верховенства права, коли звуження потенційної можливості реалізації права особу на інформацію зведене до мінімуму. На рівні адміністративно-правового регулювання процесів забезпечення кібербезпеки заходи державного регулювання у сфері захисту кіберпростору визначено несистемно, відсутній чіткий їх перелік, а також не досконало регламентовано адміністративну співпрацю суб'єктів забезпечення безпеки кіберсередовища.

Встановлено, що Україна зобов'язується перед Європейським Союзом виконати низку заходів, спрямованих на розвиток і захист кіберсфери в межах протидії кіберзлочинності, забезпечення військово-технічного співробітництва та антикризового управління, створення й захист системи обміну інформацією про тероризм із Європейським Союзом, захист комп'ютеризованих інформаційних систем та електронної системи обміну даними з питань господарської взаємодії, розвиток інновацій та інноваційних технологій.

Висновки дослідження дають підстави стверджувати, що чинні базові правові засади реалізації державної політики в напрямі забезпечення захисту кіберпростору й кібербезпеки мають істотні недоліки. Зокрема, це мінливість реформування нормативної бази забезпечення кібербезпеки, недостатня урегульованість аспектів адміністративної взаємодії суб'єктів національної системи кібербезпеки, відсутність чіткої нормативної регламентації основних ризиків і загроз національному кіберпростору. Вироблення пропозицій щодо оптимізації нормативного забезпечення зазначених аспектів має лягти в основу подальших наукових досліджень цієї проблеми. Обґрунтовано також, що Україна потребує розроблення й упровадження заходів, які спрямовані на втілення положень Угоди про асоціацію між Україною та Європейським Союзом у частині розвитку й захисту кіберпростору.

Ключові слова: Україна, кіберпростір, кібербезпека, національна система кібербезпеки, інформаційна безпека, державне управління, Європейський Союз.

Customs Scientific Journal

№ 1 / 2020

Формат 60x84/8. Ум.-друк. арк. 5,81. Наклад 300 прим. Замов. № 0720/173.

Гарнітура Times. Папір офсет. Цифровий друк.

Підписано до друку 16.05.2020.

Друкарня – Видавничий дім «Гельветика»

65101, Україна, м. Одеса, вул. Інглезі, 6/1

Телефон +38 (048) 709 38 69,

+38 (095) 934 48 28, +38 (097) 723 06 08

E-mail: mailbox@helvetica.com.ua

Свідоцтво суб'єкта видавничої справи

ДК № 6424 від 04.10.2018 р.

Customs Scientific Journal

№ 1 / 2020

Format 60x84/8. Printer's sheet 5,81. Circulation 300 copies. Order No 0720/173.

Typeface Times. Offset paper. Digital printing.

Authorized for printing as of 16.05.2020.

Publishing House "Helvetica"

6/1 Inhlezi St., Odessa, 65101, Ukraine.

Telephone: +38 (048) 709 38 69,

+38 (095) 934 48 28, +38 (097) 723 06 08

E-mail: mailbox@helvetica.com.ua

Certificate of a publishing entity ДК No 6424 dated 04.10.2018