

18%, Germany-14%, Great Britain-15%, Belgium-19%). Therefore, it seems to us that it will be reasonable to make differentiation of rates of VAT taking into consideration different kinds of goods that have different level of profitability. It is necessary to take into account that the introduction of VAT has become one of the factors of the increase of rates which do not cause the return process. Even it is more than that, significant reduction of the tax press increases financial resources of the enterprises, and increases their funds. In conditions of recession, it causes accumulation of inflation potential.

More important in Ukraine is that VAT base in Ukraine includes elements that have no relations to added cost such as: amortization deductions, excise tax, and payments for target funds.

So, we suggest.

1. To change the technique of VAT accounting. It is necessary to switch off from the base of taxation parts which do not have any relation to the category of added cost.

2. To reduce the rate of VAT, at first to 18%, and then to 16%, to make it closer to the level accepted in all advanced countries.

3. To establish low rates of VAT (8-10%) for convenience goods, and also for agricultural productions. It will make possible the reduction of the regressive character of the tax concerning the income. This will bring in taxation elements of progression, depending on its use.

During the period of going out from the economic crisis and transition to market relations, with the purpose of active introduction of foreign investments and increase of tax revenues to the budget of all levels, it is necessary to make some corrections.

1. It is necessary to systematize plenty of tax extractions and untax payments, keeping in mind that the unique course of all sets of payments is the income.

2. The direct taxes must be the priority. A wide use of indirect taxes in uncompetitive economy sharply expand the sphere of redistribution. And here we have isolation of money circulation from goods circulation. This is the final effect that causes the increase of inflation.

3. It is necessary to exclude the principle of double taxation which we have according to the existed legislation. The taxpayer must pay direct tax on income, and indirect tax on the same income, because VAT increases expenses for manufacture of production and reduces the income. To our mind, even partial introduction of the listed measures would have effective influence on the improving of economy in our country, and will help to do away with the long crisis.

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QUOTATION OF IMPORTS IN UKRAINE: REALITY AND PERSPECTIVE

Resume: It is elucidated and grounded the use of introducing quotas on some groups of imported goods in Ukraine. Positive and negative aspects of quotation are also pointed out, as well as their role in importing external economic activity.

Key words: international trade, external economic activity, protectionism, import quotas, non-critical import.

Ukraine is one only country to belong to East, Central and Southern Europe simultaneously. This peculiar geopolitical reality stipulates for specific features of external economic policy of Ukraine in all directions. Their manifestation is first of all reflected in organizing integration associations in the form of Central European initiative, «Vishegradska group». In a new economic organization Central European Association of free trade, Chornomorska Zone of economic cooperation, appeared on its place. Integration of Ukraine in European Union is at the time. The year of 1998 will become the main stage of its development when the negotiations about forming zones of free trade starts, as it was foreseen by Agreement of partnership and cooperation.

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However, integration of Ukraine in European Community doesn't mean refusal from active defence of Ukrainian interests. Regime of free trade among seven developing countries and Ukraine is considered as a mean of future penetration and conquest of Ukrainian economic space. United on the level of scientific-contained intellectual technologies, the countries of European Union are not interested in overcoming this low technological level by countries which are outside their union, by Ukraine in particular. Full membership of Ukraine in European Union wouldn't bring new economic benefits for the participant countries. It would only mean additional political and financial losses: migration of work force to the west, great expenses in the field of agricultural policy and Regional Fund, and institutional changes.

All of the achievements of Ukraine in the sphere of international trade are made on the background of extremely low gross indices, ineffective structure of imports, dependence of the consumer market on import. The structure of trade between European Union and Ukraine is analogous to that one with developing countries: that is export of Ukrainian goods with low level of processing, import of machines and technological equipment, industrial and consumer goods and foodstuffs. The Ukraine's debts are increasing as a result of unequal conditions of trade and because of trade barriers, protectionism, and breaking the policy of GATT.

As for the perspective of the participant countries in European Union in the twenty - first century, their main target is to achieve the status of post-industrial countries. Lower level of integration is taken by the countries of industrial type, which have to deal with energetic - contained, metal - contained production, agriculture, chemical industry. The lowest level is occupied by the countries supplying raw materials, energy, and a cheap work force.

In this situation, the most urgent question is elaborating and accepting well - grounded scientific external economic strategy of Ukraine, as well as the mechanism of its introducing, which will take into consideration interests and possibilities of the country at that moment, and in the future. In this direction, the protection of the national manufacturer is the powerful counteraction to the unlimited unilateral liberalization of external economic activity, which was imposed by other countries. Gradual overcoming of these problems by Ukraine can be fulfilled with the help of protectionism - this is the policy of creating favorable conditions of economic activity to our manufacturers in comparison with foreign ones.

The Law of Ukraine «About external economic activity» accepted on the 16th of April, 1991 foresees the measures of tariff and nontariff regulation of import.

However, in Ukraine, we began to be concerned with import tariffs properly only since 1995, without using means of nontariff regulation. In particular, the system of nontariff regulation was not formed because of some international agreements about external financing.

In every case, Ukraine will have to use stricter discrimination means in comparison with tariffs on the goods of the countries which restrain their new technologies to preserve their monopoly on Ukrainian market.

One of the most powerful means in the way of defending national manufacturer and creating own flow of goods is using import quotas, that is limiting the amount of import by means of various quantitative restrictions. Quotation is one of the most effective instruments of balancing external trade and pay balances, regulation of demand and supply on national market, carrying out international obligations and achievement of mutually advantageous arrangements on intergovernmental negotiations, which require well - grounded approach to its using. On condition of absence of such approaches quotas may have the character of negation.

Usually, the goods of uncritical import are covered by quotation. The use of introducing quotas instead of customs tariffs for some groups of imported goods in Ukraine is caused by some reasons, the main of which is breaking the exchange state.

Owing to the development of production, the contents of work in the units of some products are breaking with the time. This causes changing of exchange state. Imported goods are usually the goods made up in better and more favorable conditions by the most skilled workers. The respective national goods are usually made in worse economic conditions by less effective ways. As a result, one and the same product, which is used, but produced in different ways, may have different amount of work, which causes unconformity of quantities during exchange. So, there are ranges between the value of goods expressed in money and real the contents of work in them. These ranges have the tendency to increase both in frequency and in amplitude.

The influences of these ranges are that some of national goods are destroyed, while others can not satisfy the demand. We can illustrate this in the following example:

Suppose that the production and demand for the product «x», containing four units of work, are ranging within the limits of market balance. Imagine that imported product «y» similar and identical to «x» appeared on the market. It contains one unit of work. Although there is no difference in functional purpose, there is difference in the contents of work which they contain, that is three units. Therefore, conflicting situations will gradually appear and intensify in public relations during exchange. Even if they don't occur at the beginning of penetration of these goods on the market, they will appear afterwards, as far as the exchange balance will be broken. So, we will be able to get three extra money units per unit of imported goods without changing the product, with

Besides, the rate of VAT in Ukraine is higher (20%) than in many other countries, (France-18.6%, Italy

the less contents of work, but only at the expense of exchange.

These events causes unequally to the manufacturers, to the exiting ownership, and to the production itself. They threaten the whole system of manufacturing in Ukraine, which got into the stage of these changes and didn't have time to reorganize.

To improve the situation gradually we should first of all limit uncritical import using various ranges of quotas; from moderate quotation to total prohibition of import. It concerns first of all the imported goods in the sphere of agricultural production, energy and agricultural machine building, the system of automation, management of technological processes, movable objects of everyday complex technics, and light and food industry.

The protection of national manufacturer by means of the system of import quotas may have positive and negative economic consequences, which should be taken into consideration during working out and realizing foreign economic policy by the country. The main of them are as follows:

- production effect: manufacturing goods, which are under defense of quotas, increases, as far as analogous imported goods can not satisfy existing demand; available working places are preserved and some new ones appear during expansion of production;
- consumer effect: with other conditions constant the consumption of quota goods reduce;
- the effect of redistribution of profits: national manufacturers, on condition of absence or limited character of competition on the part of foreign firms may increase prices for their goods and get greater profits in the form of rent; the increase of profits stimulates investments in new industrial capacities. Besides, quotas lay obstacles to free movement of factors of production, which causes increase in value of scarce resources and reduction of price of excessive ones;
- competitive effects: separation of foreign firms from economic competition which may cause the loss of interest for increasing effectiveness of production and reducing prices. On the other hand, quotas protect new branches of national industry, which temporary yield in competition to foreign manufacturers;
- influence on trade balance: the reduction of import makes better trade balance, reduces debts of the country, promotes strengthening of national currency.

Reasonable and well - grounded combining means of tariff and nontariff regulation of import by the government of Ukraine is one of the directions which will promote establishing such mechanism of relations with external market, which would be adequate to the general direction of internal reforming process, the peculiarities of political and economic situation. The development of international economic relations of Ukraine on the whole, and in which the countries of European Union in particular, must be fundamentally included into general strategy of transformation of Ukrainian economy, which would overcome lagging of Ukraine behind highly developed industrial countries.

Notes

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