

## СЕКЦІЯ 3. ЄВРОПЕЙСЬКА ІНТЕГРАЦІЯ В УМОВАХ ГЛОБАЛЬНОЇ ФРАГМЕНТАЦІЇ



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**Модератор:** д.е.н., проф. Марія ЛИЗУН

***Mariia LYZUN***

*Doctor of Science (Economics), Professor  
of West Ukrainian National University*

### **EUROIZATION OF SLOVAKIA: PROS AND CONS**

The new member states that joined the EU in 2004 undertook to adopt the common European currency. At the same time, the Maastricht Agreement defined the rules for the transition, but left the member states considerable freedom of action regarding the timing of joining the monetary union. It is worth noting that the majority of Central and Eastern European states (CEE) expressed their intention to introduce the euro at the stage of joining the EU, but some of them later abandoned this idea under the influence of certain circumstances.

Slovakia has always been a pronounced apologist for the ideas of European monetary integration and was one of the first in the CEE to join the EMU [1;2]. In the documents of international organizations, the example of Slovakia is presented as a success story of regional convergence. Macroeconomic indicators really show the positive dynamics of Slovakia's development.

After overcoming the economic crisis of the late 1990s and implementing market reforms, Slovakia chose the path of rapid Europeanization. It is interesting that the process of preparation for joining the European monetary union began a year before joining the European Union. In the middle of 2003, the government approved the Strategy for the introduction of the euro in the Slovak Republic, but its implementation

in practice began with the accession in 2005 to ERM II and the implementation of the policy of compliance with the Maastricht criteria [3].

After all, the condition of the country's readiness to adopt the single euro currency is the fulfillment of the requirements of nominal convergence - the Maastricht criteria, the purpose of which is to ensure the balanced economic development of the Eurozone member countries. In the table 1 shows the results of the analysis of the fulfillment of convergence criteria by Slovakia during the transformation period, which was carried out on the basis of data from Eurostat, the Ministry of Finance of the Slovak Republic and the National Bank of Slovakia, by analysts of the VÚB bank.

Table 1

**Implementation of the Maastricht criteria by the Slovakia in the transformation period**

Criterion and degree of its implementation	Years			
	22005	22006	22007	22008
Government deficit (% of GDP)	20,8	30,7	20,2	20,0
<i>Implementation</i>	V	V	V	V
Public debt (%GDP)	34,1	30,4	29,4	31,0
<i>Implementation</i>	V	V	V	V
Inflation rate (%)	20,8	40,3	10,9	20,9
<i>Implementation</i>	×	×	V	V
Long-term interest rate stability (%)	30,5	40,4	40,7	40,5
<i>Implementation</i>	V	V	V	V

Source: [3;4]

The common European currency was put into circulation in Slovakia on January 1, 2009. The common European currency is introduced into both cash and non-cash flow in Slovakia without an intermediate period in the so-called "big bang" scenario. The Slovak koruna becomes part of the euro in the conversion established by the Council of the EU. The process of Slovakia joining the euro zone is divided into 4 stages [5]:

1st stage – before the introduction of ERM II;

2nd stage - from entry into ERM II to the decision on the accession of the Slovakia to the Eurozone;

3rd stage – from the decision to enter the eurozone to the actual introduction of the euro;

The 4th stage – after joining the Eurozone.

Joining the Eurozone became an important stage on the way of the country's entry into European structures and influenced the further development of Slovakia's economy.

Slovakia's entry into the eurozone coincided with the most devastating year of the global financial crisis. It should be noted that Slovakia chose a good moment, as the fiscal criterion of the Maastricht Agreement was easier to fulfill in the pre-crisis period of the economic boom. After all, in the period until the fall of 2008, it was objectively easier to reduce the ratio of deficit to GDP below the benchmark. Although at the same time great determination was needed to implement fiscal consolidation measures. However, it is worth noting that in order to achieve the target inflation indicators, it was necessary to resort to two consecutive revaluations of the Slovak koruna. Already as a member of ERM II, Slovakia has implemented the maximum revaluation (15%), which is allowed by the rules of the exchange rate mechanism.

In the first 10 years after joining the EU, Slovakia received 12 billion euros from EU funds, which is 15% of GDP and more than 2144 euros per capita. Within the scope of the convergence goal, funds from European funds are targeted at regions where GDP per capita is below 75% of the EU average [4]. With the exception of Bratislava, the rest of the country's regions could apply for these funds. In return, Bratislava received financial support to increase competitiveness, support innovation, employment and social integration.

The introduction of the euro in Slovakia had a positive effect on many economic processes, but it also had its shortcomings. The advantages of joining the Eurozone include a reduction in currency risks, a reduction in transaction costs, price transparency, and increased pressure in the implementation of fiscal policy [6; 7]. However, there are certain limitations and risks, among which one of the most significant is the loss of autonomy in the field of currency policy and the ability to respond to cyclical imbalances in the development of the world economy by changing the exchange rate of the national currency.

In general, Slovakia shows an example of positive results of the introduction of the euro, which is accompanied by a decrease in transaction costs by 0.3% of GDP annually [5]. However, joining the Eurozone still does not provide a sufficient effect of a positive long-term impact on investment, economic growth and employment, which is mostly due to the coincidence in time of the introduction of the euro in Slovakia and the unfolding of the global recession. At the same time, Slovakia's experience shows the need for flexible labor and goods markets to compensate for the loss of national monetary policy and proves the importance of a common currency for countries with intensive trade relations.

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**Євген САВЕЛЬСВ**

*д.е.н., професор Західноукраїнського  
національного університету*

**Віталіна КУРИЛЯК**

*д.е.н., професор Західноукраїнського  
національного університету*

## **УКРАЇНСЬКА ЕКОНОМІКА ЯК СКЛАДОВА МІЖНАРОДНОЇ ЕКОНОМІКИ У КОНТЕКСТІ ПІСЛЯВОЄННОГО ВІДРОДЖЕННЯ**

Українсько-російська війна спричиняє величезні втрати для української економіки. За оцінками економістів ООН [1], хоча в 2023 році Європейський Союз планує виділити 18 млрд. євро на економічну підтримку України, цього може бути недостатньо. Водночас неможливо визначити перспективи української економіки на 2023-2024 роки через непередбачуваність дії комплексу економічних і позаекономічних факторів, зокрема тих, які пов'язані з вирішенням проблем припинення бойових дій і початку відновлювальних робіт. Російська армія здійснює масове руйнування інфраструктури, зокрема залізничного та інших сполучень із сусідніми країнами, дорожньої мережі та мостів. Порушено виробничу і торговельну діяльність, є великі втрати робочої сили через міграцію або призов.