THE DEVELOPMENT OF THE FUEL AND ENERGY COMPLEX OF UKRAINE UNDER CONDITIONS OF GLOBALIZATION AND INTERNATIONAL INTEGRATION

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The aim of the article is an attempt to generalize and analyze the role, place and mechanisms of developing economic behavior of Ukraine’s fuel and energy complex subjects on the way to the world processes of globalization and international integration.

INTRODUCTION

At the present stage profound changes occur within the whole system of the international relations. The globalization is becoming their significant limit. The processes which lead to the economic integration and globalization can be evinced in the following interrelated link: productive force development – international labour distribution – international economic cooperation (production and capital internationalization) – international economic integration – the world economy globalization. These stages certainly characterize the process of the world economy internationalization in a slightly simplified way and it is difficult to distinguish these stages in the pure state in the reality.

The world economy globalization can be characterized as strengthening of interdependence and interaction of different spheres and processes of the world economy which appears in gradual conversion of the world economy into the integrated market of goods, services, capital, work force and knowledge.

At the macroeconomic level, the globalization is shown in aiming of the states and integrations at economic activity beyond their limits on account of trade liberalization, removing trade and investment barriers, creating free trade areas etc.

At the microeconomic level, the globalization is shown in broadening companies’ activities out of the inner market limits. Most of the largest transnational corporations have to operate in the global scale: any area with high consumption level can become their market regardless of their borders and nationality.

The globalization process involves different spheres of the world economy, namely:
- the foreign, international, and world trade of goods, services, technologies, and intellectual property objects;
- the international movement of production factors (workforce, capital, and information);
- international financial and credit operations and foreign exchange transactions (gratuitous financing and aid, credits and loans of international economic relations subjects, operations with capital issues, special financial mechanisms and instruments, currency operations) etc.

It is expected that within the near-term outlook the globalization will cause:
- intensification of the regional integration processes;
- large frankness of the economic systems of the states which have not accomplished the economic activity liberalization yet;
- unimpaired access of all participants to any markets;
- universalization of the standards and rules of carrying out trade and financial operations;
- unification of market regulation and control;
- standardization of requirements for capital circulation, investment process and the world payment and settlement system.

We would like to emphasize that the globalization process, which has been particularly active during the last two decades, conceals rather a lot of obscurities and contradictions, and is the subject of acute debates in academia and business. At the same time, as some authors point out figuratively, globalization Genie has broken free and it is not worth driving him back into the bottle.
The countries have to respond to the globalization processes properly in order to adapt to the new conditions and to take advantage of the opportunity which world economy internationalization gives.

Globalization is an imperative phenomenon, an irreversible process in the mankind natural development. That is why it should be taken into consideration in the development of every country which has to accommodate to the globalization processes.

This also concerns such state as Ukraine for which the globalization and integration processes are important and topical constituents of the national development.

Long internal market incapability with comparatively weak international economic positions makes Ukraine search actively for non-standard ways of its further development, means of forming really competitive national economy which is efficient at the international level.

Ukraine is a multifaceted state with expressive political, historical, social, cultural and civilizational influence factors that is why while working out the economic development strategies, it is necessary to take into consideration our national problems and to adapt to the globalization processes in order to participate in the world processes.

The position of Ukraine in the international ratings during the latest years has been estimated in different ways. That was shown by the rating results made by consulting company A. T. Kearnej which had calculated the globalization index for 62 counties, where 88% of the world population live and over 91% of the world economy is concentrated. At the end of 2003, Ukraine ranked 42nd and Russia ranked 44th [1].

Regarding “Countries’ GDP in the Globalization Rating”, Ukraine with GDP of 86 billion dollars ranks 52nd among 72 countries. The USA ranks the first (12455.8 billion dollars). Senegal is the last (8.6 billion dollars.). According to the index of the global competitiveness in 2007-2008, Ukraine was the 73rd among 131 countries (rating 3.98). The first place was taken by the USA (rating 5.67) and the last place was taken by Chad (rating 2.78) [2].

In 2011 – 2012 rating “the Global Competitiveness Index 2011—2012” was conducted; it was published on the 7th of September by the analytical group of the World Economic Forum (WEF).

The research involved 142 economies. Regarding the countries, the report contains detailed description of each country and the national economy with specified conclusions concerning the general position in the rating and the most significant competitive advantages and disadvantages which have been revealed on the ground of the analysis used for the index calculation.

Among the countries of the former Soviet Union, Russia ranks fourth after Estonia (which ranks 33), Lithuania (44), Azerbaijan (55) and Latvia (64). The rest of the post-Soviet countries rank therein under: Kazakhstan (ranks 72), Ukraine (82), Georgia (88), Armenia (92), Moldova (93), Tajikistan (105) and Kyrgyzstan (126). Belorussia is not on the list of the WEF rating [2].

**A NECESSITY OF INTEGRATION OF UKRAINIAN ECONOMY INTO THE WORLD ECONOMIC SYSTEM**

The globalization processes condition the necessity of the integration of the Ukrainian economy into the world economic system as one of the main participants of the energy market of European region. Ukraine faces the problem which is conditioned by certain contradiction between the necessity to integrate into the world economy, on the one hand, and the necessity to secure the internal economic integration, protection of the internal market, domestic manufacturers and its own national interests, on the other. Under these conditions, the significance of the fuel and energy complex (FEC), which provides external economic security, increases. The following fact requires a particular approach: FEC branches form the material basis of the state economic security but at the same time they are the most vulnerable concerning the negative influence of the globalization.

Moreover, the world energy problem exists and in this regard global threats to the energy security and increasing interdependence between source countries, transition countries and consuming countries cause the necessity of developing partner relations between these countries.
The best way to achieve the objectives of both national and global energy security is to form transparent, efficient and competitive energy markets.

The FEC issues under conditions of the globalization have been studied sufficiently by domestic and foreign scientists who paid attention mainly to the analysis of the influence of globalization factors and FEC characteristics, to the system of economic interests of the world energy market participants as well as to their energetic security conditions. The reverse influence of the FEC as a generating factor on the globalization environment has also drawn much attention. Nevertheless, dynamic development of the globalization processes conditions the necessity of regular monitoring of this sphere, revealing new regularities, forecasting tendencies of its development.

Owing to its features, the FEC brings together advantages and disadvantages of the globalization processes. The globalization and its interfacing integration processes can create some positive effects under certain conditions at different levels of territory and production hierarchy. These effects include increasing profitability and efficiency of the economic activity due to increasing conditionally permanent expenses in the management and production sphere as well as general improvement of resource provision and increasing efficiency of their consumption. Concerning negative effects of the globalization relative to the FEC, the scientist point out limited independence of the integration complex subjects, eventual impairment of their financial and economic rates and decreasing competitive ability both in the international and internal markets [4].

Supplying the economy and social sphere of the country with basic kinds of energy and raw sources for chemistry, oil and coal chemistry, metallurgical industries is to be the task for the fuel and energy complex (FEC). Ukraine’s fuel and energy complex is an economy branch which includes economy subjects, activities connected with prospecting, mining, processing, production, storage, transporting, transmitting, distributing, trading, marketing or selling energy products (energy sources). The efficiency level of this economic sector defines the state’s competitiveness, ability to broaden the globalization and international integration limits.

For the purpose of solving the problem of the FEC development, “The energy strategy of Ukraine till 2030” long-term programme has been worked out [1].

The strategy has been developed taking into consideration the tendencies of the country’s geopolitical, macroeconomic, social, scientific and technical development which can be insecure relative to determining these factors.

The programme foresees solving the considerable number of problems the principal ones of which are:
- defining the ways of and providing conditions for safe, secure and stable energy sector functioning and its most efficient development;
- the integration of the United energy system of Ukraine into the European energy system with successive increase of electric power export, consolidating the position of Ukraine as a transition state of oil and gas;
- formation of the integral and effective system of management and regulation of the fuel and energy sector, development of competitive relations in the energy source markets;
- regulatory legislative provision for implementing the objectives of the Energy strategy considering available international obligations provided by the Energy Charter Treaty, the Kyoto Protocol, numerous bilateral international agreements as well as by the requirements of the European energy legislation.

The integration of the Ukrainian energy systems into the European one is an important constituent of Ukraine’s strategic objective regarding joining the EU. Unlike the countries of the new wave of the EU broadening, Ukraine owns rather powerful and well-developed gas and oil transport and energy networks linked to the transport networks of the EU and CIS countries which allows it to participate in developing the European energy policy and common energy market, playing a significant part in the energy cooperation of the CIS countries and EU.
Ukraine belongs to the countries which are partially supplied with traditional kinds of primary energy sources thus having to resort to the import of it.

The level of Ukraine’s energy dependence is an average European one and tends to decrease, but it is characterized by lack of diversification of sources of providing energy resources, first of all oil, natural gas and nuclear fuel.

Within the structure of primary energy consumption in Ukraine during the last years, the largest extent refers to the natural gas – 41% (39% in 2005) whereas in other countries of the world the gas consumption makes up 21%; the oil consumption in Ukraine makes up 19%, the coal consumption 19%, the uranium consumption is 17%, hydro resources and other renewable resources make up 4% (tab. 1).

Table 1. The structure of the primary energy consumption in Ukraine, EU countries – 15, the USA

<table>
<thead>
<tr>
<th></th>
<th>The world</th>
<th>Ukraine</th>
<th>EU countries-15</th>
<th>The USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>21%</td>
<td>41%</td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td>Oil</td>
<td>35%</td>
<td>19%</td>
<td>41%</td>
<td>38%</td>
</tr>
<tr>
<td>Coal</td>
<td>23%</td>
<td>19%</td>
<td>16%</td>
<td>23%</td>
</tr>
<tr>
<td>Uranium</td>
<td>7%</td>
<td>17%</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>Hydro resources and other renewable resources</td>
<td>14%</td>
<td>4%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: Power strategy of Ukraine is on a period to 2030( from 15.03.2006. N 145-p)[1]*

The strategic objective of the industrial complex development in Ukraine till 2030 provides for evolutionary transition to stable development in the postindustrial world community on the grounds of preserving and securing live space of a human, practicing industrial activities with the lowest expenses due to highly efficient usage of material and intellectual potential. It is likely that at the end of this period the industry will evolve into an integral production and economy system of the exogenous type (i.e. not cycled upon itself). Such a system provides the state’s economic independence and implementation of the strategic objective which is Ukraine’s joining the leading, technologically developed countries under priority conditions.

The ability to use globalization positives depends on the domestic FEC condition as well as on the efficiency of the state’s external economic policy.

The current condition of Ukraine’s FEC is characterized by the following factors (Tab.2).

Table 2. The main factors of the FEC activity in Ukraine in 2001-2010

<table>
<thead>
<tr>
<th>Factors</th>
<th>2001</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas extraction (billion cub. m)</td>
<td>18,4</td>
<td>20,2</td>
<td>21</td>
</tr>
<tr>
<td>Gas import into Ukraine (billion cub. m)</td>
<td>52</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>General gas consumption (billion cub. m)</td>
<td>80</td>
<td>52</td>
<td>42</td>
</tr>
<tr>
<td>Oil processing volume (million t)</td>
<td>15,4</td>
<td>10,2</td>
<td>7,1</td>
</tr>
<tr>
<td>Basic oil product production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- petrol</td>
<td>3,6</td>
<td>2,8</td>
<td>2,2</td>
</tr>
<tr>
<td>- diesel fuel</td>
<td>4,6</td>
<td>3,1</td>
<td>2,2</td>
</tr>
<tr>
<td>Oil extraction (million t)</td>
<td>3,71</td>
<td>4,27</td>
<td>3,97</td>
</tr>
<tr>
<td>Electric power production (billion kWph)</td>
<td>174</td>
<td>185</td>
<td>195,4</td>
</tr>
</tbody>
</table>

*Source: Ministry of Fuel Energy (http://www.mpe.kmu.gov.ua).*
The domestic FEC potential is conditioned by the fact that Ukraine belongs to the states with natural hydrocarbon resource deficit. Thus, the oil consumption in our country is provided by its own resources by 10-12%, the gas consumption makes 23-25%, the part of gas and oil in the general balance of the primary energy source consumption makes up 61%, and the part of natural gas in the energy balance is 41-43%. Regarding the fact that the energy consumption in Ukraine reaches 3.4 kg of h.e. (hydrocarbon equivalent) per GDP unit which 19 times as high as an analogous factor in Germany (8.18 kg of h.e.) and almost 15 times as high as that of the USA (0.22 kg of h.e.), we can assert that the energy intensity of the domestic economy exceeds by 1.5-2 items the corresponding rating of the world countries’ development. Even considering the parity purchasing capacity, this index is 2.8-9.5 times as high as that of the GDP energy intensity of certain OECD countries and 1.8 times as high as that of [5].

Thus, the given factors indicate that the domestic FEC current condition brings certain threats to the state’s energy security. At the same time the issue of the energy supply security is getting more urgent not only in Ukraine but also in the EU countries and in the world in general. International organizations, the UN in particular, as far back as in the 90-es of the 20th century adopted a set of programme documents related to the issue (in 1992 – “The Agenda for the 21st century”, in 1997 – the Kyoto Protocol, in 2008 – “Plan of Implementation of the World Summit on Sustainable Development” and others). In 2006 the European Committee published the Green Book “The European strategy of stable, competitive and secure power engineering”, and in 2007 they brought out new initiatives by way of a set of measures regarding the introduction of a new energy policy to oppose the climate changes, to support the EU energy security and competitive ability. The measures are collected in the action plan “Europe’s Energy Policy” and the EU Council [5].

In the specialists’ point of view, one of the most significant factors for Ukraine’s energy strategy is the energy efficiency factor whose rating influences effective functioning of the national economy and competitive ability.

High energy intensity of the GDP in Ukraine is the result of a considerable lag of most economy branches behind the level of developed countries, the unsatisfactory branch structure of the national economy, the negative influence of the ‘shadow’ sector, the import and export operations in particular, which objectively limits the competitive ability of the national production and burdens the economy significantly, especially under conditions of its external energy dependence.

It is necessary to note that beginning with 2002 the rate of the GDP energy intensity reduction slowed down due to the fact that most power-intensive economy industries including metallurgical, machine building, chemical and oil chemical industries as well as the housing and communal services underwent certain negative changes of reduction dynamics of the energy intensity of the gross added value. The changes were conditioned by the high level of physical deterioration of the capital funds (65-70%) and corresponding increase of considerable expenses of the fuel and energetic resources on a range of important kinds of production.

Unlike the industrially developed countries where energy efficiency is an element of economic and ecological expediency, for Ukraine this is the matter of survival under market conditions and entering the European and world markets. Regarding this, it is necessary to solve the problem of balanced solvent demand in both internal and external markets as well as diversification of fuel and energy resource import.

At present formation of an effective system of the state energy efficiency management is the key factor of decreasing energy intensity of goods (services) in every branch of the economy. First of all, this will allow improving the structure of the ultimate consumption of the energy resources, in particular due to further expansion and intensification of electrification in all economy spheres by substituting deficit fuels along with simultaneous advancing of production effectiveness.

The general potential of the energy efficiency due to technical (technological) and structural factors in Ukraine’s economy in 2030 according to the basic scenario of the development of the economy and its spheres will make up 318.36 million t of conventional fuel (c.f.) including (fig.1):
- the branch technical (technological) factor – 175.93 million t c.f.;
- the inter-branch technical (technological) factor – 22.13 million t c.f.;
- branch structural factor – 61.65 million t c.f.;
- inter-branch structural factor – 58.65 million t c.f.

![Diagram showing energy efficiency breakdown]

Fig. 1. The general potential of the energy efficiency in 2030, million t c.f. [1]

Due to implementation of the energy efficiency potential the GDP energy intensity in 2030 will make up 0.24 kg c.f./HRN which is twice as little as the current rating – 0.48 kg c.f./HRN. At the same time in 2010 the GDP energy intensity was forecast to be at the level 0.37 kg c.f./HRN, in 2015 it is to make up 0.31 and in 2020 – 0.28 kg c.f./HRN (tab. 3).

Table 3. The general energy efficiency potential

<table>
<thead>
<tr>
<th>Energy efficiency constituents</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy efficiency, million t c.f.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to the technical factor</td>
<td>66.36</td>
<td>109.81</td>
<td>137.47</td>
<td>198.06</td>
</tr>
<tr>
<td>Due to the structural factor</td>
<td>7.94</td>
<td>25.30</td>
<td>54.37</td>
<td>120.30</td>
</tr>
<tr>
<td>Total</td>
<td>74.30</td>
<td>135.11</td>
<td>191.84</td>
<td>318.36</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Fuel, million t c.f.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to the technical factor</td>
<td>42.85</td>
<td>71.28</td>
<td>95.38</td>
<td>128.42</td>
</tr>
<tr>
<td>Due to the structural factor</td>
<td>6.08</td>
<td>20.00</td>
<td>45.31</td>
<td>102.88</td>
</tr>
<tr>
<td>Total</td>
<td>48.93</td>
<td>91.28</td>
<td>140.69</td>
<td>231.30</td>
</tr>
<tr>
<td>Electric power, billion kWh/million t c.f.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to the technical factor</td>
<td>44.37/15.75</td>
<td>70.99/24.84</td>
<td>72.45/24.63</td>
<td>108.72/35.88</td>
</tr>
<tr>
<td>Due to the structural factor</td>
<td>2.65/0.94</td>
<td>7.88/2.76</td>
<td>13.79/4.69</td>
<td>27.90/9.21</td>
</tr>
<tr>
<td>Total</td>
<td>47.02/16.69</td>
<td>78.87/27.6</td>
<td>86.24/29.32</td>
<td>136.62/45.08</td>
</tr>
<tr>
<td>Heat energy, million Gcal/million t c.f.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to the technical factor</td>
<td>48.28/7.76</td>
<td>86.24/13.69</td>
<td>112.62/17.46</td>
<td>231.87/33.76</td>
</tr>
<tr>
<td>Due to the structural factor</td>
<td>5.71/0.92</td>
<td>16.00/2.54</td>
<td>28.18/4.37</td>
<td>56.41/8.21</td>
</tr>
<tr>
<td>Total</td>
<td>53.99/8.68</td>
<td>102.24/16.23</td>
<td>140.80/21.82</td>
<td>288.28/41.97</td>
</tr>
<tr>
<td>Capital investment, billion HRN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Due to the technical factor & 30,6 & 53,7 & 69,0 & 102,3  
Due to the structural factor & - & - & - & -  
Total & 30,6 & 53,7 & 69,0 & 102,3  

Source: Power strategy of Ukraine is on a period to 2030 (from 15.03.2006. No 145-p)[1]

In 2030 compared to 2005, the general economy of the fuel resources due to the technical factor is estimated in the volume 128.42 million t c.f., that of the electric power is 108.72 billion kWh, that of the heat power – 231.87 million Gcal which in total makes up 198.06 million t c.f. (Fig. 2)

The volume of the capital investment to implement the branch and inter-branch energy efficiency actions during the period of 2006-2030 compared to the year 2005 are estimated in the following sizes: 2010 – 30.6 billion HRN; 2015 – 53.7 billion HRN; 2020 – 69.0 billion HRN; 2030 – 102.3 billion HRN [1].

General energy efficiency due to the branch and inter-branch structural movement in Ukraine’s economy is estimated in the volume of 120.3 million t c.f. in 2030 (compared to 2005). The fuel resource saving will make up 102.88 million t c.f., the electric power savings will make up 27.9 billion kWh, the heat energy savings will be 56.41 million Gcal [Fig. 3].

The introduction of the inter-branch structural movements will allow saving 58.65 million t c.f. in 2030 compared to 2005. The savings will include: fuel resources – 44.34 million t c.f., electric power – 25.95 billion kWh, heat energy – 39.45 million Gcal [1].
Ukraine plays a significant role in providing Europe’s energy security. It is one of the main transition countries and an important consumer of the fuel and energy resources (FER) that is why the matter of developing its own external energy policy which would correspond to the current challenges and threats is rather topical.

**ROLE OF FUEL AND ENERGY COMPLEX OF UKRAINE IS IN PROVIDING OF POWER SAFETY OF EVROPI**

Task to analyze the strategic plans of the energy sector development of the main players of Europe’s energy markets (energy resource suppliers, consumers and transition countries) and corresponding to them strategic plans of further development of Ukraine’s energy sector providing the energy security is topical for implementation of the effective energy policy of the country.

At present, as the basic items of World Energy Outlook 2008 by the IEA state [2], the world energy system is in the ambiguity condition. The current global tendencies in the energy supply and consumption are obviously unstable in terms of ecological, economic and social issues. At the same time it can be stated without any overstatement that the future stable development of the mankind will depend upon the success of the world community in solving two key problems: two provide reliable ways of energy supply and to bring about a rapid transition to more efficient and environmentally friendly energy supply systems.

Among other key points which define the strategic directions of the FEC development, the following can be distinguished:

- preservation of the traditional fuels (oil and natural gas) as prevailing energy resources in the world even considering the implementation of the most optimistic expectations concerning development rate and adoption of alternative technologies;
- urgent necessity of preventing disastrous and irreversible climate damages globally which in total requires considerable decrease of the used carbohydrate volume of the energy resources;
- accepting the fact that the necessity to provide reliable energy resource supply and precipitating transition to more ecologically secure energy systems requires drastic actions by the governments both at the national and local levels and their participation in common international mechanisms.

Under such conditions the countries which are energy market participants (suppliers, transition countries and consumers) work out and implement national and common energy policies aimed at providing stable economic development and energy security of every national state and the commonwealth countries.
The document by the European Commission “Europe’s energy policy” [2] states that Europe tends to depend more on the FER import. Thus, if currently the dependence on energy resource import to Europe makes up 50% related to its general consumption, then by 2030 this dependence will have reached up to 65% (dependence on gas import will increase from 57% to 84% (2030), and that on oil import will grow from 82% to 93% (2030). Undoubtedly, such a situation brings both political and economic hazards. Moreover, the pressure on the global energy markets will increase which can make the situation more intense on the assumption that the mechanisms providing solidarity between the members nations do not work in case of crisis (some EU member states depend on a common FER supplier considerably or completely).

It is expected that the European energy policy should be supported with considerable decrease of negative influence on the environment (as an objective of the EU at the global level, while taking certain measures at the international level, reduction of greenhouse gas release is expected, for industrially developed countries the emissions are expected to reduce by 30% in 2030 compared to 2009 and by 50% in 2050).

The European energy policy should be based on the three main directions [2]:
- restricting external vulnerability of the EU while importing the FER;
- implementing further liberalization of the internal energy markets which will promote the further economic development of the EU, creating new jobs and providing power supply reliability;
- struggling against climate changes.

This document emphasizes the idea that the EU countries could not implement the objective of reliable, competitive and stable development on their own that is why a strategic task is to create conditions for the cooperation of the countries (both developed and developing ones), consumers, producers and transition countries. In this case, to provide efficiency and coordination of actions, it is necessary to develop a common energy policy. That is why the relations between the EU and consuming countries (the USA, India, Brazil and China), producing countries (Russia, Norway, OPEC countries, Algeria) and transition countries (first of all, Ukraine is pointed out here) are of great importance regarding geopolitical security and economic stability. The EU will strive for developing partner relations in the energy branch with these countries which should be transparent, predictable and mutually acceptable.

Moreover, as it is stated in the Ukraine – EU Memorandum concerning cooperation in the energy sphere [7], the EU and Ukraine have common interests in the energy sector and they both can benefit from their energy market integration increasing the level of the energy security of European continent. However, in spite of considerable cooperation potential and availability of a great number of common strategic projects, the efficiency of their implementation is very low.

**CONCLUSIONS**

Thereby, the most important current task in the sphere of the energy security of Ukraine and countries of European continent is practical and efficient implementation of the strategic objectives previously defined and mechanisms of their realization. This requires common well-coordinated actions of all the participants.

1. At present, the issues of energy security provision have assumed global features. At the same time at the global or all-European level there is no energy security strategy adopted or specified.
2. The strategic purposes of Russia, as well as those of other FER producers and exporters, are concentrated on securing the maximal profits (economic and political ones) from selling available FER resources. Meanwhile there are certain intentions to consolidate this position by granting them absolute state sovereignty over the national FER and at the same time reduce the importance of transition countries as much as possible.
3. The strategic purposes of the FER consuming countries (first of all, the EU ones) are concentrated on providing security of the energy resource supply and to a certain extent the priority
of implementation of the existing mechanisms to realize these purposes (diversification of supply ways and the FER types, increase of energy efficiency, environmental protection) is determined by every country independently. The lack of the integrated energy policy of the EU is a certain threat to the energy security of the European commonwealth member countries themselves and the neighbouring countries (including Ukraine).

4. Ukraine’s strategic purposes are mainly to take advantage of the country’s expedient geopolitical location as one of the most powerful FER transition countries. The lack of the common view on specific projects and mechanisms of their implementation hamper the energy sector development and the realization of the country’s energy strategy.

5. In general the strategic purposes of almost all the global energy market participants (FER producers, consumers and transition countries) coincide and are concentrated on providing the security of the energy supply at economically grounded price, increasing energy efficiency and decreasing harmful influence on the environment. At the same time the priority and particularly certain implementation mechanisms are rather different.

6. As the experience of most world countries show, it is impossible to provide stable and reliable energy development and energy security without any assistance, particularly in the long-term prospects. Under current conditions, the implementation of most strategic energy projects is connected with the integration of efforts of a great number of countries and regions of the world. Concerning the situation, Ukraine restricts its opportunities having a set of obstacles and lack of coordination while choosing partners to implement these projects. Accepting agreements on Europe’s integrated energy space and the energetic association is a necessary step in this process.

7. The most important current task in the sphere of the country’s energy security is practical and efficient implementation of the strategic objectives previously defined.

The conducted analysis allows distinguishing the basic positions which are important for working out mechanisms to provide effective functioning of Ukraine’s FEC under conditions of globalization:

- the policy of energy security should be defined proceeding from Ukraine’s national priority interests in the energy sphere and from available and possible threats to the energy security;
- fundamental choice of objectives, directions and rate of market development with regard to Ukraine’s prospects in the processes of European and Euro-Atlantic integration, international requirements and standards concerning security and reliability of energy market functioning; creation of backup systems;
- providing European principles of formation and regulation of the energy markets in Ukraine (specific basis, price policy, transparency of regulation etc.);
- working out and approval of the country’s fuel and energy balance according to the European standards, monitoring of its rating;
- the level of Ukraine’s energy independence can be increased due to the balanced energy policy of the country. The main directions of this policy should be assistance in increasing the part of its own fuel and energy resources in the energy balance, increase of energy production and consumption efficiency, diversification of sources and ways of energy resource supply, usage of profitable transition opportunities concerning oil and gas supply to other countries as well as improvement of the management and regulation activity in the FEC sphere;
- providing the state guarantees concerning the succession of implementation of strategy for the energy market development, the order and procedure of introducing current and prospective corrections, damage compensation to the participants in case of breach of market functioning regulations.
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