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FEATURES OF THE COMPETITIVENESS OF EU COUNTRIES IN THE CONDITIONS OF INCREASING GLOBAL CHALLENGES

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The question of the competitiveness of the EU countries in the conditions of increasing global challenges has been studied. It is substantiated that at the current stage of economic development, an important factor in supporting the development of the national economy is the intensification of foreign trade, especially in the case of a reduction in demand in the domestic market. This factor is particularly important from the point of view of competitiveness, because the success of a country's trade depends on its competitive advantages. At the same time, it should be noted that effective trade relations alone cannot guarantee a high level of competitiveness. It has been proven that a country can be considered competitive if it rationally manages its material and human resources, which is accompanied by an increase in production and an increase in the quality of life of the population. Attention is focused on the fact that the internal and external environment is constantly changing, which is accompanied by an increase in uncertainty and risk, because the purchasing power of the population is unstable, the number of competitors on the market increases, etc. This requires constant monitoring of changes in the competitive environment in order to maintain market positions and develop based on the use of competitive advantages. That is, the analysis of the situation on the market allows to determine effective methods of competitive struggle. The factors that make it possible to consider the specified competitiveness from the point of view of systemic analysis are singled out: systemic – infrastructural, macroeconomic, international, political-institutional, normative; structural – market, industry configuration, institutions, incentive and regulatory regimes, the degree of manufacturability and accessibility to international products; business factors – training, productivity, organizational methods and strategy. It is well-founded that openness, innovation, skills development and the free movement of goods and services, labor and capital are the driving forces of Europe's competitiveness, growth and prosperity. It was determined that the main indicators of economic competitiveness for EU countries are the integration of the internal market; increase in labor productivity; international competitiveness; public and private investment and investment in research and development.

ОСОБЛИВОСТІ КОНКУРЕНТОСПРОМОЖНОСТІ КРАЇН ЄС В УМОВАХ ПОСИЛЕННЯ ГЛОБАЛЬНИХ ВИКЛИКІВ

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Ключові слова:

конкурентоспроможність, детермінанти, ЄС, розвиток, продуктивність, системний аналіз, стратегія.

Досліджено питання конкурентоспроможності країн ЄС в умовах посилення глобальних викликів. Обґрунтовано, що на сучасному етапі розвитку економіки важливим чинником підтримки розвитку національної економіки є активізація зовнішньої торгівлі, особливо за умови скорочення попиту на внутрішньому ринку. Зазначений чинник є особливо важливим з точки зору конкурентоспроможності, адже успішність торгівлі країни залежить від її конкурентних переваг. При цьому, необхідно зауважити, що лише результативні торгові відносини не можуть гарантувати високий рівень конкурентоспроможності. Доведено, що країну можна вважати

конкурентоспроможною, якщо вона раціонально управляє своїми матеріальними та людськими ресурсами, що супроводжується збільшення виробництва, підвищенням якості життя населення. Акцентовано увагу на тому, що внутрішнє та зовнішнє середовище постійно змінюється, що супроводжується підвищенням невизначеності та ризику, адже нестабільною є купівельна спроможність населення, збільшення кількості конкурентів на ринку тощо. Зазначене вимагає постійного моніторингу змін у конкурентному середовищі з метою втримання позицій на ринку та розвитку на основі використання конкурентних переваг. Тобто, аналіз ситуації на ринку дозволяє визначити ефективні методи конкурентної боротьби. Виокремлено чинники, які дозволяють розглядати зазначену конкурентоспроможність з точки зору системного аналізу: системні – інфраструктурні, макроекономічні, міжнародні, політико-інституційні, нормативні; структурні – ринок, конфігурація галузі, інститути, режими стимулювання та регулювання, ступінь технологічності та доступності до міжнародних продуктів; бізнес-чинники – навчання, продуктивність, організаційні методи і стратегія. Обґрунтовано, що відкритість, інновації, розвиток навичок і вільний рух товарів і послуг, робочої сили та капіталу є рушійними силами конкурентоспроможності, зростання та процвітання Європи. Визначено, що для країн ЄС основними показниками економічної конкурентоспроможності є інтеграція внутрішнього ринку; зростання продуктивності праці; міжнародна конкурентоспроможність; державні та приватні інвестиції та інвестиції в дослідження та розробки.

Statement of the problem

The dynamics of competitiveness in the modern economic environment is receiving more and more attention, focusing on the constant and consistent consideration of the specified category, which requires deeper scientific research. This topic highlights the new challenges of competitiveness at any level by identifying and analyzing its own determinants.

Over the past few decades, economic competition between countries has intensified. Almost every state aspires to become an influential and important player at the international level of economic relations and to take its proper place in the world economic market in order to prevent the main risks that globalization entails. Even if there is some doubt that states/nations still compete, it remains so – when the market is open, it is not only businesses that compete. Since entrepreneurship is possible only under certain state management conditions, therefore, at the macro level, we have evidence of competition between states – for resources (such as investments, oil), for the environment ("green technologies"), etc. The experience of the world economic crisis has shown that countries with a low level of national competitiveness are the most vulnerable to external shocks. Therefore, the topic of competitiveness (its assessment, improvement of policy) is very relevant and important for the future development of any state.

Analysis of recent research and publications

The issue of competitiveness has been studied by scientists and remains relevant to this day. Among Ukrainian scientists, it is expedient to single out: V. Heyts [1], who formulated the key directions for increasing the level of competitiveness of the Ukrainian economy; J. Zhalil [2] and B. Kvasniuk [3], who investigate correlations between

the level of competitiveness and the socio-economic development of the country; D. Lukyanenko [4], who emphasizes the impact of globalization processes on competitiveness.

Highlighting previously unsolved parts of the overall problem

Despite the importance of competitiveness in the context of a market economy, questions regarding the specifics of the competitive struggle of EU countries in the face of increasing global challenges remain unresolved. One of the reasons lies in the complexity of the mentioned phenomenon, which manifests itself in many different aspects, and the choice of the most adequate assessment methodology.

The purpose of the article

The main goal of this work is to study the features of the competitiveness of the EU countries in the conditions of increasing global challenges.

Presentation of the main material

At the current stage of economic development, an important factor in supporting the development of the national economy is the intensification of foreign trade, especially if there is a reduction in demand in the domestic market. This factor is particularly important from the point of view of competitiveness, because the success of a country's trade depends on its competitive advantages. At the same time, it should be noted that effective trade relations alone cannot guarantee a high level of competitiveness.

Under the condition of production of innovative goods, both successful trade and leading competitive positions in the world market are achieved. Innovations contribute to changing the organizational structure of society, intensify cooperation between the countries of the world and ensure a high level of competitiveness.

Note that the internal and external environment is constantly changing, which is accompanied by an increase in uncertainty and risk, because the purchasing power of the population is unstable, the number of competitors on the market increases, etc. This requires constant monitoring of changes in the competitive environment in order to maintain market positions and develop based on the use of competitive advantages. That is, the analysis of the situation on the market allows to determine effective methods of competitive struggle.

Competitiveness is the ability of a region to achieve high productivity, attract businesses, create jobs and promote innovation.

Growing challenges such as climate change, artificial intelligence and geopolitical tensions are changing the world we live in.

A more competitive EU will allow European companies to successfully compete on the world market. This can be achieved by creating an environment where they can develop products, services or solutions that are better, more efficient and more innovative than the products, services or solutions of their international competitors.

The dynamics of modern economic development and the strengthening of the influence of globalization processes have led to the transformation of individual territorial units – regions, cities, which are independent economic agents and constantly compete for various types of resources.

Competitiveness is important because it is positively related to long-term economic growth. A country can be considered competitive if it rationally manages its material and human resources, which is accompanied by an increase in production and an increase in the quality of life of the population. Thus, competitiveness is the ability to achieve high standards of living and a significant level of employment.

According to experts, the key determinants of competitiveness are: capital investment, division of labor and trade, investment, level of education, expenditure on human capital, research and development (R&D) and incentives for innovation, etc. [5].

The analysis of competitiveness takes into account a number of factors that allow considering the specified economic category from the point of view of systemic analysis (Fig. 1).

Let's consider each group of competitiveness factors in more detail.

Systemic factors are those that cannot be practically controlled. They generate conditions that are external, but serve as parameters of the decision-making process. They include the following types:

- infrastructure (availability, quality and cost of energy, transport, telecommunications, basic resources and technological services);
- macroeconomic (exchange rate, tax burden, gross domestic product (GDP) growth rate, credit supply and interest rates, as well as politicians' salaries);
- political and institutional (tax policy, tariff policy, fiscal support for technological risk, purchasing power);

- social (system of labor training, educational policy and training of personnel, labor and social security);
- regulatory (policy of industrial property protection, environmental protection, competition protection and consumer protection);
- international (trends in world trade, international capital flows, risky investments and technologies, relations with multilateral organizations).

Structural factors are those over which there is no complete control. In addition to the characteristics of supply and demand, these include the influence of non-market institutions that determine incentives and regulation, geographic distribution, the degree of technological complexity, rising tariffs, marketing systems, and access to international products.

Business factors are those over which there is significant control. These include cumulative knowledge, management efficiency, and human resources.

A competitive economy is an economy whose stable level of productivity is capable of stimulating growth and, as a result, income and welfare. Economic competitiveness has long been one of the key political priorities of the European Union (EU).

In this context, the EU accelerated its transition to climate neutrality and digital leadership, transforming the economy, society and industry and requiring new technologies, investments and innovations to ensure EU competitiveness, while enabling the EU economy and society to grow and reduce poverty and inequality. In other words, create an economy that works for people. This involves, among other things, a shift from linear production to a circular economy for products, services, markets and business models.

Two priorities of the European Commission, which are of particular importance for EU competitiveness:

- European Green Agreement;
- A Europe fit for the digital age.

The European Green Deal is aimed at creating a resource-efficient and competitive economy. This communication led to climate legislation and other measures to ensure that EU climate, energy, transport and tax policies are fit to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels.

The digital transformation of the EU is mainly based on:

- digital strategy (2020) for a fair and competitive digital economy;
- Digital Compass 2030 (2021), designed to empower people and businesses to create a people-centric, sustainable and prosperous digital future;
- a proposed path to the Digital Decade (2021), closing digital capability gaps, focusing on digital skills, digital infrastructure, digital business and digital public services.

The new industrial strategy for Europe proposes new measures to accelerate the transition to green and digital technologies, and also responds to calls to identify and monitor the main indicators of economic competitiveness [6]:

- integration of the internal market;
- increase in labor productivity;
- international competitiveness;



Fig. 1 – Determinants of competitiveness from the point of view of systemic analysis

Source: [5]

– public and private investments and investments in research and development.

The economy of the European Union is the common economy of the member states of the European Union (EU). It is the second largest economy in the world in nominal terms after the United States and the third largest in terms of purchasing power parity (PPP) after China and the United States. The GDP of the European Union is estimated at US\$19.35 trillion (nominal) in 2022, or US\$26.64 trillion (PPS), representing approximately one-sixth of the global economy [7]. Germany has the largest national GDP of all EU countries, followed by France and Italy. In 2022, social security expenditures of the European Union (EU) totaled 19.5% of its GDP [8].

A five-point plan for a more competitive Europe:

- stimulation of capital investments for European companies;
- ensuring energy independence and lowering the price of energy;

- solving the problem of lack of skills;
- development of digital innovations;
- disclosure of the full potential of trade.

Openness, innovation, skills development and the free movement of goods and services, labor and capital are the driving forces behind Europe's competitiveness, growth and prosperity.

Conclusions and suggestions. Based on the analysis, it can be concluded that competitiveness is a complex category that combines a number of factors.

At the same time, it is important to note that the level of competitiveness is determined not only by the presence of certain factors, but also by the ability to use them effectively to achieve advantages.

It is important that the level of competitiveness is related to other indicators of development, such as the level and quality of life of the population. The more competitive advantages a country has and uses them effectively, the higher its level of development and living standards.

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