MACROECONOMIC CRITERIA OF CURRENCY AND FINANCIAL CONVERGENCE: GUIDELINES FOR UKRAINE

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The aim of this study was to identify the most problematic issues of compliance by European countries with macroeconomic convergence criteria, to determine promising ways to overcome them and to assess new opportunities that open up to Ukraine as a result of further European integration.

Most research devoted to the study and achievement of monetary and financial convergence criteria focus on the candidates for joining the eurozone. However, the stability of monetary and financial system of the united Europe depends, to a certain extent, on how much the «old» members of the eurozone adhere to these criteria. That is why, the research methods included statistical data analysis of the EU member states at the time of joining the eurozone and during the last 10 years. To reveal the closeness of the relationship between individual indicators of monetary and financial convergence correlation analysis was used.

It was established that the degree of compliance with the reference values of public-debt related indicators in the eurozone countries is not the same. At the time of the introduction of the euro in 1999, only in 3 out of 11 countries the debt-to-GDP ratio was below 60%. In 2021, in 12 countries out of 19 consolidated public debt exceeded the reference value. Another indicator, the ratio of the deficit/surplus of the state budget to GDP, during the period of economic stability (2014-2019), in the majority of the eurozone countries, remained within the reference value. Also, almost all of the eurozone member countries meet the criterion of interest rates convergence throughout the entire period. The analysis of the price stability criteria showed that price dynamics basically reflects the state of the economy of the EU countries as a whole. During the periods of more or less stable growth (2014-2016), almost all countries, both within the eurozone and outside it, met the criterion of price stability. Beginning from 2017, each year, 5-6 countries go beyond the criterion due to the fact that the potential of the growth phase fades and countries try to stimulate it by accelerating inflationary processes. The criterion of exchange rate stabilityty, at first sight, seems to be inapplicable for the analysis of the situation in those countries that are already members of the eurozone. However, although formally EUR to USD exchange rate may be identical in all countries of the eurozone, the ratio of the EUR real purchasing power in different countries may differ significantly. It was found that there are only few countries where purchasing power parity and the current exchange rate are quite close. It indicates that during the two decades of the EU membership, some countries still significantly lag behind the leaders, which may lead to disintegration tendencies.

The currency and financial convergence criteria can become guidelines for designing a post-war economic model of Ukraine. At the same time, the specifics of the situation will force our country, during the first post-war years, to deliberately deviate from these criteria, provided that this deviation is controlled.

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