

prof., Ph.D., D.S. Tatiana Obolenska

International Trade Department Professor
Kyiv National Economic University, Ukraine

Kateryna Leshchenko

International Trade Department
Kyiv National Economic University, Ukraine

The Convergence of Economic Models of Environment Protection of Ukraine and the European Union

INTRODUCTION

Recently there has been a substantial strengthening of interest in the protection of environment in Europe due to significant reduction of expenses on the social needs. However, the issue of preservation of quality of environment has remained to be pressing and far from being measured with universal indicators, which are traditionally applied in the EU. The relations of EU member states with neighbouring countries are the vivid example as the declared cooperation in this field is still far from being implemented, in particular with its Eastern neighbours.

In modern scientific literature, there are several concepts on the scope of international competence in the field of economic regulation, preservation and development of environment. On considering the principles of environmental policy of a country or a group of countries, David Pearce highlighted the need to identify the acceptable level of pollution, which form the basis for calculation of optimal tax on pollution, which is the core for prognostication of income and expenses for production of a specific good. However, such approach is limited to control of the air quality [Pearce, 2001, p. 220–223]. British researcher Robert Jones chose another approach. He believes that the mainstream of environmental policy should comprise of individual programs which are managed by the European Environment Agency and focused on the sectors, such as water, air, waste, biotechnologies, noise [Jones, 2001, p. 350–352]. Danish researcher Gert Tinggaard Svendsen looks at the problem of regulation of development of environment through the prism of interests in the framework of the theory of groups [Svendsen, 2003]. At the same time, French scientist Matthieu Glachant draws attention to implementation of core elements of the European environmental policy and emergence of new areas of environmental economy [Glachant, 2001]. A number of experts believe that the problem of environmental protection should be considered in complex with analysis of the rights of consumers, health

care, safety at the working places. According to Dermot McCann, such approach is clearly in line with ideas of Europeanization [McCann, 2010, p. 20].

Such variety of ideas is also present in the institutions of the European Union. Following the well-known meeting of the Environment Council of the EU in Luxembourg in 2009, a number of experts agreed to focus their studies on certain selective areas of implementation of ambitious plans of the EU. Neill Nugent considers that the most important elements of the harmonized external policy of the EU on environment are the following:

- Prevention of climate change;
- Preservation of nature and biodiversity;
- Protection of environment and health care;
- Sustainable development and recycling of waste [Nugent, 2010].

The experts in the field of regional economics focus much attention on introduction of environmental innovations at the local level as they consider local implementation can be grounded and efficient [Truffer, Coenen, 2012].

However, the efficiency of common environmental policy of the European Union will be far below expectations if the process of harmonization is not going beyond the borders of the European Union.

Its “transposition” to the neighbouring countries is of vital importance as pollution of air, inland water, soil cannot be localized in one particular area. Therefore, such transposition requires clear economic identification, taking into account selective mechanisms and instruments of national and supranational regulation.

Taking all this into account, the aim of the article has been determined as follows: the identification via comparative analysis of the common and different features in the institutional models of environmental protection in Ukraine and Poland.

MODERN PROBLEM OF ECONOMIZATION OF ENVIRONMENTAL PROTECTION

The problem of choice of the society between economic development and environmental protection is one of the fundamental dilemmas of modern Ukraine. In attempt to safeguard employment, the entrepreneurs and some state officials ignore the fact that pollution of the environment harms future generations of the Ukrainians by deteriorating the living conditions. Moreover, the certain areas of natural disasters in Central and Eastern European countries cannot be the exclusive prerogative of the countries of their origin as the consequences of manmade disasters often expand to the continental or even global levels. Among the most convincing proves for the mentioned above there are the Chernobyl disaster in Ukraine in 1986, emissions of cyanides in Romania in 2010, grave consequences of the disaster at aluminous plant in Hungary in 2012.

It is obvious that it is extremely difficult to calculate the damage of such disasters as the character of excess pollution is not easy to identify. Most of up-to-date methods are based on the assumption that the source of pollution is constant. But it is very difficult to assess the large-scale manmade disaster. The disaster at the nuclear power plant in Japan following the tsunami is a vivid example. The calculations of damage have been corrected several times.

A number of additional factors aggravates the existing problem of application of the European economic mechanisms and instruments of environmental regulation in Ukraine. Among them there are:

- High degree of concentration of monospecialized production with substantial polluting effect due to implementation of Soviet-based model of concentration of interlinked branches (chemical production, metallurgy, etc.);
- Lack of will of new owners of privatized enterprises to invest in innovations and renewal of production capacities, which are outdated by 90–95%;
- Shortcomings of relevant legislation in Ukraine, which is based on the Law of Ukraine “On protection of environment” of 1991 and numerous amendments to this Law during 1999–2012. However, this Law fails to embrace all scope of actions to address environmental damage. Moreover, the guarantees of ecological rights of citizens (article 10) remain declarative;
- Constant lack of budgetary expenditure for environmental protection, which provokes year-by-year delay in implementation of projects to address the problem of pollution;
- Weak public information campaign and next to zero quantity of the facilities to recycle the waste from production and utilization of household appliances. As the result, salts of mercury and macromolecular compounds, which cannot decompose naturally, pollute the environment.

The problem of management of environmental protection is of the same importance in Ukraine. It is characterized with the traditional features of command-administrative model and qualitatively differs from EU approaches (figure 1).

The picture demonstrates that the existence of the departments (agencies) in the environmental ministries of Poland and Ukraine, which exercise the most important functions are the common features of both line ministries. However, the management-analysis proves that there are also the differences in this scheme due to existence of a number of rudimentary divisions in the Ministry of Ecology and Natural Resources of Ukraine (Sector of Regime and Secret Activities, mobilization work, control for implementation of the acts, organizational and analytical division, etc.). The distinctive feature of the Polish Ministry is the high level of integration to the European structures. It triggers definition of individual priorities and clear delineation of schemes of financing from the EU funds. In particular, 4,85 bln euro were divided through the operational program “Infrastructure and Environment” in the framework of the National Cohesion Strategy in 2007–2013, which was a good addition to other models of complementary financing.

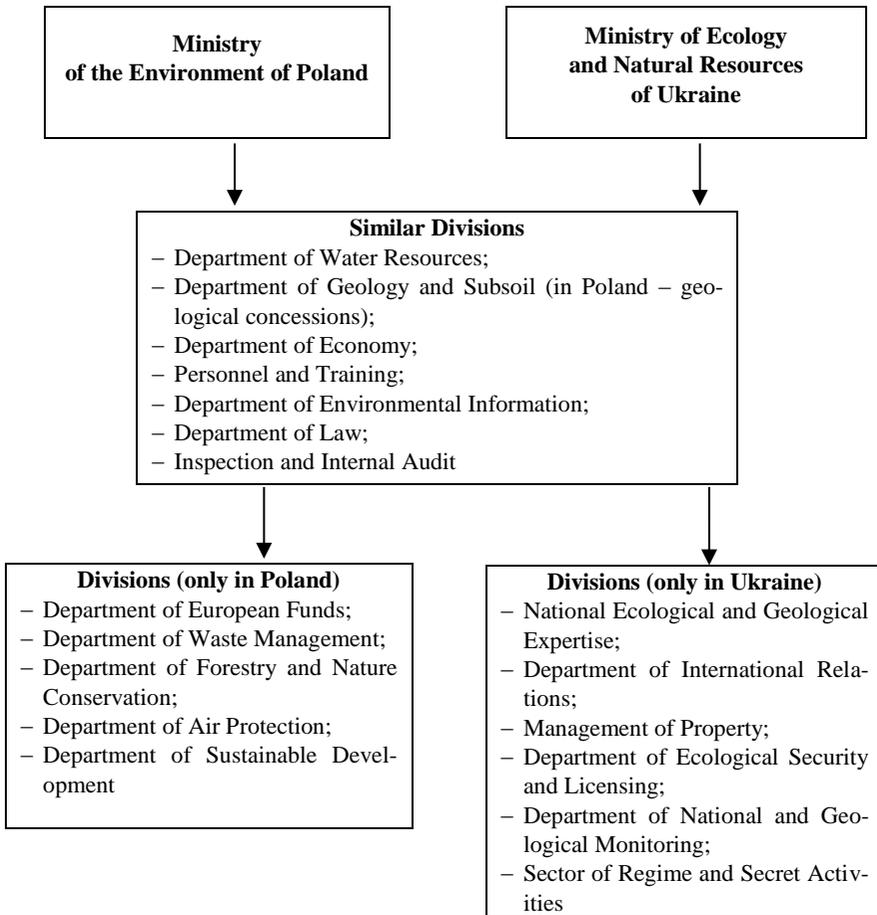


Figure 1. Sectoral directions of environmental protection in Ukraine and Poland

Source: own study.

Situational orientation is a substantial shortcoming of the annual budgetary planning in Ukraine. As the result, the allocation of funds is implemented based on “defended” and “not defended” provisions. It reminds the principle of residual financing, which was well known and applied in the Soviet times. In this regard, it is clear that state support of systemic measures on protection of the environment becomes more and more problematic because this task is demanding constant proportionate financing with a view to implementing the commitments of Ukraine. The participation of Ukraine in different programs of the EBRD, World Bank and other donor institutions, which require complementarity in financing of joint projects, their transparency and predictability, is of utmost importance for our country as it limits the so-called “mobilization effect” for the

Government concerning the redistribution of foreign loans to other needs. The misuse by the Government of Ukraine led by Mrs. Y. Tymoshenko of Japanese payment for usage of Ukrainian quote for greenhouse gas emissions and some other cases represent the clear examples of such inadequate approach. The distribution of costs for environmental protection in the EU Member States is different (table 1).

Table 1. Distribution of financial resources, directed at environmental protection in Poland

Source of origin	Share, %		Estimated amount, bln. PLN	
	2009–2012	2013–2016	Total	
			2009–2012	2013–2016
Private resources	43	45	28,3	28,4
Public resources, including:	57	55	37,9	35,1
– self government resources;	11	7	7,1	4,4
– resources of the National Fund of Environmental Protection and of Water Management and the respective Voivodship Funds;	21	24	13,8	15,0
– state budget;	5	7	3,5	4,6
– foreign resources	20	17	13,5	11,1
Total	100	100	66,2	63,5

Source: *The National Environmental Policy for 2009–2012 and its 2016 outlook. Council of Ministers Republic of Poland.*–Warsaw; 2008. Access www.mos.gov.pl/kategoria/1979_environmental_policy.

Among the distinctive features of the Polish model and, in fact, model of any EU Member State due to the same scheme of distribution of costs there are:

- high level of its transparency;
- clear division of supranational and national financial resources, aimed at achieving joint objectives;
- significant share of involved private resources (reaching 50%).

Additional advantage of such scheme of distribution of financial resources is that it is guided towards achieving the effects of the environmental protection through proportional division of responsibility among state, supranational and local budgets. Unfortunately, while planning the identical actions Ukraine can count only on its own efforts and resources. First of all, it deals with large-scale projects on addressing the consequences of Chernobyl disaster. Recent decrease in attention to this problem from the international community could

not be seen as a good sign as the threat of pollution has remained and it is beyond local scale. Therefore, it requires joint efforts of international, mostly, European community.

DIRECTIONS OF THE STRATEGY OF REGULATION OF THE ENVIRONMENT IN UKRAINE

While defining the main ways to regulate the environment in Ukraine, it is of utmost importance, to our mind, to outline the principles, which will be put in the core of drawing respective strategy.

There should be five such principles:

- priority. The Parliament and the Government should address the problem of environmental protection in complex by defining the directions, economic mechanisms and instruments of implementation of the measures, aimed at preservation and improvement of the state of the environment;
- programmability. It means elaboration, approbation and application of relevant models of regulation of the environment, which comprise of the set of projects to create the effect of synergy at national and international levels;
- systematic approach, which envisages sectoral and hierarchic unity of projects and active interaction between ministries and agencies, including local self-government;
- international cooperation, which includes intensive scientific, expert, intergovernmental cooperation with the member-states of the European Union in selected areas of interstate relations as well as participation of Ukraine in relevant programs and initiatives of the EU (“Euroregion”, “Black Sea Synergy” etc);
- monitoring, which envisages application of polystructural systems to monitor the state of the environment as well as expert assessment of the consequences of implementation of economic mechanisms of its preservation.

It is of utmost importance to define the priorities for environmental protection for 3–5 years (see table 2).

The core of such distribution is comprised of the priorities of the national environmental policy of Poland as well as the realities of Ukrainian environmental policy. The latter should encrust the clear vision of the problems ahead and the need to further rapprochement with the European Union as well as outline of ecological needs of Ukraine with the Chernobyl disaster problem at the top. The second place is taken by development of network of recycling and waste management plants, which will deal with reduction of emissions of non-compostable substances to the environment. And the last, but not least, is the resource and risk management of the state of the environment, which should be in full compliance with European priorities and relevant operational programs.

Table 2. Priorities for environmental protection in Poland and Ukraine (2012–2016)

Priorities	
Poland	Ukraine
Water and effluences management	Liquidation of the consequences of Chernobyl disaster
Management of waste recycling and protection of soils	Development of the network of recycling plants (waste recycling)
Resource management and risk prevention in the field of environment	Resource and risk management
Support of the initiatives on the instruments of entrepreneurship, which comply with requirements of protection of the environment	Systemic monitoring and management of air, soil and water protection
Environmental protection and encouraging friendly attitude	Ecological information

Source: own study.

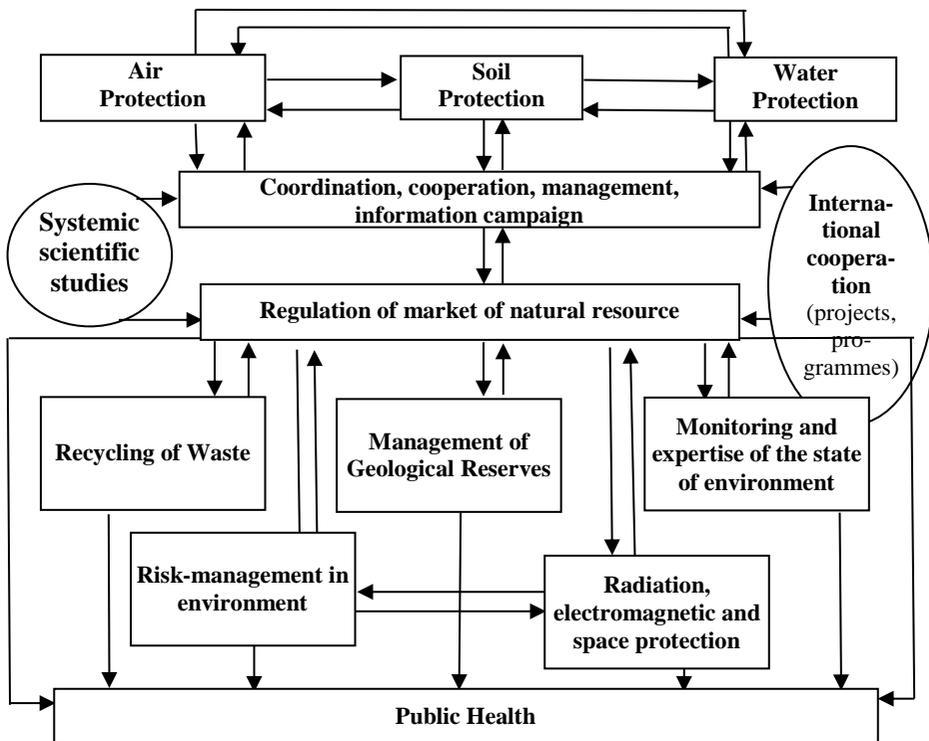


Figure 2. Perspective Model of Strategic Management of the State of Environment in Ukraine

Source: own study.

Taking into account the mentioned above, we could conclude that the current system of environmental protection in Ukraine requires profound transformation in management dimension as well as by ensuring sectoral shifts. It will definitely trigger the process of optimization of relations “human-nature” in Ukraine (see Figure 2).

To our opinion, the final result of these activities should be measured by the quality of public health, but not by the quantity of the actions taken. It will be the result of the whole institutional, information and business activities on the European market of natural resources.

CONCLUSIONS

1. The current system of the protection of environment in Ukraine is of eclectic nature, which is based on certain elements of the European model of management of the environment as well as Soviet-legacy concepts of public administration, which envisaged the hierarchic regulatory structure with weak coordination and activity basis. In the context of finalized privatization of property, the latter looks like anachronism.

2. Residual principle of financing of the environmental protection, lack of European mechanisms and instruments of market regulation, weak control over application macromolecular compounds and plants protection substances as well as consumption of GMO products are the undermining factors of environmental situation in Ukraine. At the same time, further delay with construction of the new Chernobyl shelter and lack of complex neutralization of the consequences of this disaster on behalf of the international community may transform Ukraine in the area of natural disaster, which will affect the state of environment on the European continent in the coming decades.

3. Despite some identical approaches towards environmental planning in Ukraine and the EU, there are still a number of substantial differences as regards to volume, structure and management of financing of relevant programs and projects, command-administrative approach is still dominating in Ukraine in the field of planning and financing of environmental protection.

4. Ukraine needs development of adequate economic mechanisms and instruments of the environmental protection, based on European principles of environmental protection, as well as definition of 4–5 priorities and introduction of a new model of strategic management with public health being in the core.

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Summary

The issues of environmental management are considered in the article, a comparative analysis of the environmental management in Ukraine and Poland is conducted. The authors propose a new model of environmental management in Ukraine in the context of its convergence with the EU.

Konwergencja ekonomicznych modeli ochrony środowiska Ukrainy i Unii Europejskiej

Streszczenie

W artykule rozważaniom poddaje się kwestie zarządzania środowiskowego. Przeprowadzona została porównawcza analiza zarządzania środowiskowego na Ukrainie i w Polsce. Autorzy proponują nowy model zarządzania środowiskowego na Ukrainie w kontekście jej konwergencji z UE.