

## Research Article

## EUROPEAN INTEGRATION AS A CHALLENGE FOR THE IMPLEMENTATION OF ECONOMIC STATE SOVEREIGNTY

Ivan Yakoviyk,<sup>1</sup> Yevhen Bilousov<sup>2</sup> and Kateryna Yefremova<sup>3</sup>

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**Summary:** 1. Introduction. – 2. Approaches to Determining the Content of Economic Sovereignty. – 3. State Sovereignty within the EU. – 4. Relativity of Economic Sovereignty of EU Member States. – 5. Ukraine's Steps Towards European Integration. – 6. Conclusions.

**Keywords:** European integration, state economic sovereignty, sovereign rights of the state, European Union, limitation of state sovereignty

### ABSTRACT

**Background:** *One of the most significant modern examples of political and economic integration for Ukraine is the EU, given the plan for European integration. In gaining membership in this integration entity, states face the issue of delegating their powers to the Union. The issue*

1 Dr. Sc. (Law), Head of department of European Union Law, Yaroslav Mudryi National Law University, Kharkiv, Ukraine [i.v.yakoviyuk@nlu.edu.ua](mailto:i.v.yakoviyuk@nlu.edu.ua), <https://orcid.org/0000-0002-8070-1645>.

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2 Dr. Sc (Law), Professor of department of European Union Law, Yaroslav Mudryi National Law University, Kharkiv, Ukraine. **Co-author**, responsible for conceptualization, the exploration of sources and their analysis and interpretation.

3 Cand. of Science of Law (Equiv. Ph.D.), Deputy Director for Research, Scientific Research Institute Legal Support of Innovative Development of National Academy of Legal Sciences of Ukraine, Kharkiv, Ukraine. **Co-author**, responsible for writing, the content of the paper and data curation.

*of modification of state sovereignty in the context of the EU's relations with member states and candidate countries for EU membership is acute, which raises concerns about the forced restrictions on their state economic sovereignty.*

**Methods:** *The methodological basis of the study are such general-science and special methods as historical-legal, dialectical, comparative-legal, and others. The historical-legal method was used to study the genesis of the content of the legal categories of 'economic sovereignty', 'sovereign debt', and the stages of European integration. The usage of the dialectical method provided a comprehensive study of the process of forming EU economic policy, as well as defining the ratio between the categories of 'economic sovereignty restriction' and 'restriction of sovereign economic rights of the state'. By using the comparative-legal method, the paper reveals the specifics of the approaches of individual states to the legal regulation of relations to ensure economic sovereignty and economic security of the state.*

**Results and Conclusions:** *The study, based on the experience of the new EU member states, has shown that European integration as a whole contributes to changing the volume of sovereign powers of states during the implementation of economic state sovereignty. However, the authors conclude that such a process is twofold: on the one hand, factors that objectively reduce the economic sovereignty of countries through the delegation of their sovereign rights are increasing, and, on the other, most states voluntarily and consciously accept such restrictions to obtain economic, political, and social benefits.*

## 1 INTRODUCTION

The integration process, which has been taking place for seventy years, has significantly affected the state and legal development of European countries. After gaining EU membership, states face the need to delegate a number of their important authorities to the Union as a supranational power. This naturally raises fears among EU member states and candidate countries about the loss or at least significant limitation of their own sovereignty. The problem of saving national sovereignty, in turn, is often considered in the context of the process of forming a European identity<sup>4</sup> or the Europeanisation process.

Ukraine, like many other countries, faces the problem of saving its own economic sovereignty. This is because the processes of globalisation and European integration lead to the gradual disappearance of economic, legal, and even political barriers between states, which necessitates a rethinking of the established concept of sovereignty. There is a growing perception that state sovereignty has lost its significance for both individual states and the international community; that further strengthening of supranational features of integration associations and international organisations threatens the independence and autonomy of states. Besides its advantages, the process of interstate economic integration also imposes certain restrictions on the freedom of discretion of states, limiting their economic sovereignty. Each member state in the integration process, when agreeing to close cooperation, should answer the following question: are the benefits worth enough in comparison with the restrictions states would be forced to face in the exercise of their sovereignty?

Despite its tremendous importance, the relationship between national sovereignty and European integration, as well as what this means for the EU member states, has not yet

4 L Khorishko, N Horlo, 'National identity in the discourse of political elites of Poland and Hungary' (2021) 10 (40) Amazonia Investiga 9 DOI: <https://doi.org/10.34069/AI/2021.40.04.1>

been adequately studied. In fact, most integration theories do not provide a clear answer to whether sovereignty is a national or a European issue.<sup>5</sup>

The more the process of European integration advances, the more sovereignty competences are transferred from the national to the supranational level and the sovereignty of the member states is questioned. This evolving competitive relationship becomes more demanding and risks colliding with the framework of the EMU, as the latter poses unequivocal limits to the exercise of sovereign rights concerning the independent exercise of economic policy by the member states. Therefore, the determination of the optimal level of delegation of sovereignty in economic policy is one of the most fundamental questions we are obliged to answer. Thus, the beginning of the process of integration would seem to mean the beginning of the end for the exercise of sovereignty by nation-states, as the latter are undermined by the EU. The EU, then, appears to be the institution that directly questions national sovereignty's central role in economic policy.<sup>6</sup> But is this really the case? Under which conditions and rules has this relationship been formed, and how does it affect the very process of European integration and the role of the nation's economic sovereignty?

## 2 APPROACHES TO DETERMINING THE CONTENT OF ECONOMIC SOVEREIGNTY

The concept of economic security is closely related to the concept of economic sovereignty as a component of state sovereignty. If the categories of state, people's, and national sovereignty are established (on the content and ratio of which in legal science as a whole, a consensus has been reached), the content of such categories as 'economic' and 'financial' sovereignty and their ratio to state sovereignty remains uncertain. This is a significant drawback, as defining the content of the categories 'economic', 'financial',<sup>7</sup> and 'currency'<sup>8</sup> sovereignty has not only theoretical but also important practical significance. The answer to the question depends on whether Ukraine will have the right to make a final decision on issues related to the fate of the national economics, defining the priorities of its development, whether such decisions would be made by other actors, and whether Ukraine would become a kind of transnational economic space providing other states and multinational corporations with resources.

In determining the content of economic sovereignty, we follow the position by Baidyn on the main features of this phenomenon:

- a) the sovereign right of the state to dispose of its resources – if the state lacks technological capacity or financial resources, it is forced to involve large foreign investors (usually transnational companies) in their development;
- b) the ability of public authorities to determine the principles of their economic policy, including the free discretion and conduct of financial and trade policy, regulation of foreign companies' activity, and the right to nationalise foreign property;
- c) the sovereign right to join interstate associations (for example, the EU) and international economic organizations (IMF, IBRD, WTO, and others);
- d) the equality of states in international economic relations, respect for national

5 C Bickerton, *European Integration: from Nation States to Member States* (Oxford University Press 2012).

6 M Georgios, 'National Sovereignty, European Integration and Domination in the Eurozone' (2020) 28 (2) *European Review* 225 DOI: <https://doi.org/10.1017/S1062798719000437>

7 Z Kramer, 'Fiscal Sovereignty under EU Crisis Management: A Comparison of Greece and Hungary' (2019) 69 (4) *Acta Oeconomica Periodical of the Hungarian Academy of Sciences* 595.

8 A Aniodoh, 'Host States' Monetary Sovereignty Within the Construct of Bilateral Investment Treaties' (2021) 65 (1) *Journal of African Law* 1 DOI: <https://doi.org/10.1017/S0021855320000339>

economic interests, and the right of each state to participate in solving international economic problems.<sup>9</sup>

Thus, economic sovereignty provides the ability of the state to independently exercise sovereign rights in the economic sphere and make decisions on the development of national economics. Only a sovereign state can effectively protect the economic interests of its citizens both inside and outside the country, be a successful intermediary between national and world economics, and create favourable conditions for increasing the competitiveness of the national economics in global and regional markets.

The need to rethink the concept of state sovereignty is determined by the formation of a supranational level of power within the EU, to which national governments have delegated the right to exercise a wide range of sovereign rights and authorities. Member states, as sovereign actors, are consciously and voluntarily pooling their sovereignties within the EU in order to enhance their role and importance in the international arena. They must take such a step because, after the Second World War, even such leading European states as Germany, France, and Italy were unable to compete on an equal footing with the United States, Russia (formerly the USSR), and China.

### 3 STATE SOVEREIGNTY WITHIN THE EU

The problem of state sovereignty within the EU is solved in such a way that the member states 'pool' certain important aspects of their sovereignty. The term 'unification of sovereignties' means the formation of a supranational decision-making system in the process of interstate cooperation. If the principle of consensus (unanimous decision-making based on the consent of all participants) used in international organisations leaves the sovereignty of states intact, giving each member state the right to unilaterally veto any decision, the unification of sovereignties within the EU provides for a departure from this system.

In the EU, the practice of decision-making by a qualified majority is used in the areas defined by the Founding Treaties. It means that the position of individual member states may not be taken into account. The main reason why member states agree to such restrictions is that in some areas of EU activity, maintaining the possibility for the state to block decisions may lead to consequences that would nullify the meaning of the integration process. For states that are not prepared for their position to be ignored by a majority of member states, the solution is to opt out of certain joint actions and obligations. Thus, Denmark and Sweden are not parts of the eurozone, Ireland has not joined the Schengen agreement, and these countries do not participate in the common European policy on refugees and migrants.

The introduction of the voting mechanism by a qualified majority was determined by the need for the creation and effective functioning of the Common and, later, the Single Market. The creation of the Common Market was provided for in the Treaties establishing the ECSC and the EMU. The formation of the Common Market, both within a single integration association as well as worldwide, is impossible without the realisation of the four basic freedoms (movement of goods, persons, services, and capital). Even at the initial stage of the integration process, the governments of the member states delegated to the European Communities part of their sovereign powers in the customs, monetary, financial, and tax spheres, through which they had traditionally regulated trade with third countries. This was the first step towards real self-restraint by states in the exercise of certain sovereign rights

9 Yu Baidyn, *Economic sovereignty of the state: problems of determining the content* (Scientific Research Institute of State Building and Local Government of National Academy of Law Sciences of Ukraine, 2010).

in the process of integration. Such a restriction of the sovereignty of states was the result of internal and external unification of their territories, without which it was impossible to create a single internal market of a supranational organization. The internal unification of states meant the elimination of customs duties and quantitative restrictions on trade between EU member states, and the external unification meant the introduction of a common customs tariff for third countries, as well as the implementation of a common trade policy. The implementation of these steps led to the formation of the Customs Union of a united Europe, as a result of which the latter was able to act in the world as an economically integrated entity.

No less important an achievement in the process of free movement of goods within the EU is that, in exercising the freedom of movement of goods, the Court of Justice has extended the relevant prohibitions not only to barriers to trade between member states but also to internal national barriers since the latter are capable of destroying the unity of the customs territory of the Union.

The legal regulation of the provision of services in the EU is generally directed by the Founding Treaties. In addition, each type of service is regulated by a separate act of EU secondary law, in particular, Council Directives, which ensure the harmonisation of legal norms relating to consumer protection, including those with a view to removing certain barriers to fuller freedom of service provision.

In the context of the issue of freedom to provide services, the freedom of establishment and economic activity means the right of EU citizens and legal entities to conduct independent entrepreneurial activity and create and manage enterprises, including companies and firms, under the same conditions as for citizens of the country where the establishment is carried out. An important role was played in the realisation of this freedom by Art. 47 of the Treaty establishing the European Community, which empowered the Council to adopt directives to ensure the mutual recognition of diplomas in order to create favourable conditions for entrepreneurs. Thus, barriers that could impede the exercise of freedom of establishment and the provision of services have been removed.

The freedom of movement of capital was formally proclaimed from the beginning of the integration process but was implemented only after the proclamation of the creation of the economic and monetary union. As the Founding Treaties did not specify its content, the Court of Justice was forced to provide its interpretation in several cases, according to which this freedom is an opportunity to carry out financial transactions related to investment, invest in another state, and not return to the country of the initial stay within a reasonable time of the invested financial resources.

In addition to the implementation of these freedoms for the construction and effective functioning of the Common Market, it was necessary to introduce unified rules of the market game and create conditions for free and fair competition of enterprises regardless of their nationality. Legal regulation of competition is one of the important activities of the modern state. After the creation of the European Communities, this line of activity was moved to the supranational level to prevent obstacles to the movement of goods and services at both the public law and private law levels.

The competition rules of a united Europe were enshrined in the Treaty on Coal and Steel Community (Arts. 4, 5, 65, 66) and the Treaty establishing the European Economic Community (Arts. 85-94), and subsequently, they were almost without amendments. These agreements oblige the European Commission to monitor compliance with established competition rules in all member states, as well as to eliminate the types of infringements which are set. Given the importance of competition policy in building and developing a single internal market, it is not surprising that one of the Commission's main functions is to monitor compliance with competition rules and that almost all responsibility for the

anti-monopoly policy is placed on the supranational institutions of the Union (above all, the Commission), while the relevant national authorities only assist and participate in the exchange of information.

Evidence of achieving the highest degree of economic integration was the formation of the Economic and Monetary Union. It should be noted that none of the three initial Founding Treaties considered the creation of the Economic and Monetary Union as the goal of the integration process. The creation of a monetary union provided for: the introduction of full mutual turnover of currencies; ensuring the freedom of movement of capital; the creation of a currency cooperation fund to maintain currency parity and the monetary policy of member states coordination; fixing exchange rates and possibly moving to a single currency.<sup>10</sup>

The next steps towards the construction of the EMU were enshrined in the TEU, which defined the creation of an Economic and Monetary Union, which would include the introduction of a single currency as the main means of promoting economic and social progress. The fact is that the flows of goods, services, capital, and people that flow from country to country, as well as global communication and information systems and the activities of supranational economic and financial organisations, form a field of the regional economy in which European national economies are increasingly intertwined.<sup>11</sup> Accordingly, any destruction of this field has negative consequences. The creation of the Single Internal Market, within which the EMU operates, attempts to minimise negative trends and processes in the economic sphere.

Deep economic and political integration within the EU has resulted in increased activity in ensuring a high level of security for its citizens and their proper legal protection. At the same time, each subsequent stage of deepening European integration (based on amendments to the EU Founding Treaties by Maastricht, Amsterdam, Nice and Lisbon Treaties) requires the agreement by the Member States on issues that increasingly concern the sovereign rights of states.

#### 4 RELATIVITY OF ECONOMIC SOVEREIGNTY OF EU MEMBER STATES

According to Yakoviyuk and Shestopal,<sup>12</sup> the transfer of certain sovereign rights and powers by the state to supranational structures does not mean a narrowing of sovereign rights. The transferred right is compensated for by the acquisition of so-called common-system powers. However, according to others,<sup>13</sup> there are no states in the world that have absolute sovereignty, as their economic activities inevitably face various restrictions: international treaties; increasing economic interdependence of states in connection with globalisation; the introduction into the national economics of the capital of international corporations that influence on the economic decisions made at the state level; participation in integration groups. That is why they speak of relative sovereignty, the degree of which is not the same in different countries. Some have more independence in decision-making, others have less, and some countries have almost no independence, subjecting the foundations of their economic policy to the recommendations of international economic structures, as Ukraine has done.

10 C Scheinert, 'History of economic and monetary union' (2021) <<https://www.europarl.europa.eu/factsheets/en/sheet/79/history-of-economic-and-monetary-union>> accessed 18 November 2021.

11 M Egan, 'EU Single Market(s) after Brexit' (2019) 7 (3) Politics and Governance 19 DOI: <https://doi.org/10.17645/pag.v7i3.2059>

12 I Yakoviyuk, S Shestopal, 'The sovereign rights and sovereignty of the state: the problem of the correlation' (2017) 6 (4(21)) Azimuth of Research: Economics and Management 381.

13 R Bifulco, A Nato, *The concept of sovereignty in the EU – past, present and the future* (Fall edn, 2020) <<http://reconnect-europe.eu/wp-content/uploads/2020/05/D4.3.pdf>> accessed 20 June 2022; W Sadurski, *Constitutionalism and the Enlargement of Europe* (Oxford University Press, 2012).

The economic sovereignty of the EU member states is also relative. It is limited due to the fact they have voluntarily transferred the right to make some important economic decisions to EU institutions. The sovereignty of the economically weak countries of the Union is even more limited. One of the reasons for this is, for example, their financial dependence on subsidies received from EU funds, which often forces them to adhere to Brussels' decisions under the threat of termination of funding, even when the decisions are unfavourable. The example of Greece is illustrative. Its state debt has grown significantly over the past ten years, in part because of EU recommendations to limit the development of the country's traditional sectors of economics – shipbuilding and agriculture.

At the same time, within the EU, the sovereignty of economically powerful countries such as Germany and France is significantly higher (compared to Greece or other member states of Eastern Europe), as they have more opportunities to defend their interests at the Union level. Economic sovereignty is objectively necessary for any country for one simple reason: it makes it possible, in the case of the right economic policy, to ensure national economic security. The latter means the protection of vital national economic interests.

In preparation for the expansion of the Union's membership via the Eastern European countries, the Copenhagen summit of the European Council changed the criteria for selecting EU candidate countries,<sup>14</sup> the main purpose of which was to select the worthiest candidates to join the Union. In order to meet these criteria, the candidate countries are obliged to amend principles of state policy, including economic policy, and their legislative regulation, which may influence the exercise of the sovereign economic rights of the state even before accession to the EU.

The practice of limiting sovereignty means two different processes: the process of voluntary transfer of sovereign powers in favour of supranational entities and external coercion. The factor of voluntariness in reducing the scope of authorities for the acquisition of additional benefits is one of the most important. There is another way to limit sovereignty – when a state voluntarily gives part of its rights and powers to another supranational association, and another one, in turn, provides support. The factor of voluntariness in the reduction of the authorities in order to acquire the prestige of participating in an integration association and the additional benefit of its membership is one of the most important and involves 'sacrificing a part of sovereignty'.

Sovereignty is the completeness of the legislative, executive, and judicial power of the state in its territory, which excludes any foreign power and can involve disobedience of the state to the power of foreign authorities, except in cases of explicit voluntary consent of the state to limit its sovereignty, usually on the basis of reciprocity. Sovereignty is still the criterion that distinguishes the state from other public entities and distinguishes the sphere of power of each state as a subject of sovereign power within its territory from the sphere of power of other states. Thus, when talking about the realisation of the economic sovereignty of member states and candidate states to the EU, it is necessary to use the concept of 'transfer' or 'self-limitation of sovereign rights of the state' rather than 'limiting the sovereignty' itself.

An analysis of the experience of the implementation of economic sovereignty by member states within the EU allows us to identify sovereignty restrictions that are common to all member states and others that are additional (personal). A common example of personal restrictions on economic sovereignty is the control of the financial system by foreign investors in exchange for international loans to repay sovereign debt or supersanctions.

The European debt crisis of 2008 caused a new wave of research in the sphere of sovereign debt financing and measures insisted on by foreign creditors and international institutions

<sup>14</sup> Conclusions of the presidency (EC) Copenhagen, 21–22 June 1993. SN 180/1/93 REV 1.

to allow defaulting countries to return to international capital markets, which has striking historical precedents.<sup>15</sup> Let us consider the experience of the Balkan countries, in which the perceived limitation of sovereignty was implemented through financial controls took the form of debt administration councils whereby the creditors were given a measure of control over the financial revenues pledged to finance interest and amortization payments. Mitchener and Weidenmier explain that only defaulting sovereigns suffered from supersanctions, but as we will show in the following, on several occasions, countries accepted a sacrifice of economic sovereignty without default in order to contract new loans and/or improve their borrowing conditions. This was the case for Bulgaria, Serbia, and Greece.<sup>16</sup> To avoid bankruptcy, Bulgaria accessed new funds from the capital markets but was forced to say 'yes' to foreign intervention in its domestic affairs. Serbia agreed to supervision from creditors for almost every loan contracted on the international markets, while Greece encountered two episodes of supersanctions, with just one due to default.<sup>17</sup>

Having analysed the history and legal nature of sovereign debt, it should be noted that the conscious and voluntary restriction of economic sovereignty for international assistance is widely used as one way for these emerging markets to receive more favourable borrowing conditions and has deep historical roots. Thus, the restriction of economic sovereignty undoubtedly leads to social change in the state. 'Strong' states seek to strengthen their sovereignty by limiting the sovereignty of other states to obtain certain benefits, including economic, in favour of strong ones. Weaker states, in turn, seek to gain membership in integration associations and abandon the independent exercise of some sovereign rights in certain areas, including economic, in order to ensure their national security. Ukraine has chosen the latter path, as have most Eastern European countries.

## 5 UKRAINE'S STEPS TOWARDS EUROPEAN INTEGRATION

It is well-known that until 24 February 2022, the EU did not determine the prospects of membership for Ukraine. That is why Kyiv has chosen the 'transitological approach' as a method of rapprochement with the EU, according to which it seeks to expand cooperation with the EU and undertakes a wide range of unilateral commitments. Obviously, if Ukraine does not act in accordance with EU principles and regulations, it will not have a European perspective. In case of violation of EU requirements and regulatory norms, the assistance of the European Commission could be suspended or cancelled.

Despite some self-limitation of economic sovereignty, the formation of a common market with the EU is a strategic goal of Ukraine. Its creation involves the implementation of four freedoms within the common economic space – free movement of goods, services, capital, and labour – which will help to overcome non-tariff barriers to trade, develop services, increase the approximation to European rules in competition, improve corporate governance and market regulation, and improve conditions for attracting investment.<sup>18</sup> As for the potential possibility of making constitutional, legal, and political claims to Ukraine,

- 15 R Esteves, AC Tuncer, 'Feeling the blues Moral hazard and debt dilution in Eurobonds before 1914' (2016) 65 *Journal of International Money and Finance* 46 DOI:10.1016/j.jimonfin.2016.03.004
- 16 KJ Mitchener, MD Weidenmier, 'Supersanctions and sovereign debt repayment' (2010) 29 (1) *Journal of International Money and Finance* 19 DOI: <https://doi.org/10.1016/j.jimonfin.2008.12.011>
- 17 AA Maerean, M Pedersen, 'Sharp Sovereign debt and supersanctions in emerging markets: evidence from four Southeast European countries, 1878-1913' (2021) *European Historical Economics Society Papers* 0216 <<https://ideas.repec.org/p/hes/wpaper/0216.html>> accessed 20 June 2022.
- 18 Memorandum of Understanding between the EU as lender and Ukraine as borrower (2020) <[https://ec.europa.eu/economy\\_finance/international/neighbourhood\\_policy/doc/mou\\_eu\\_ukraine\\_en.pdf](https://ec.europa.eu/economy_finance/international/neighbourhood_policy/doc/mou_eu_ukraine_en.pdf)> accessed 20 June 2022.



in this case, the Ukrainian government should be more actively involved in political and legal discussions, during which its own economic interests should be defended.

The reform process in Ukraine has been supported by commitments made with international partners and the conclusion of an Association Agreement and a Deep and Comprehensive Free Trade Area between Ukraine and the EU. Despite these improvements, the economic crisis of 2020 caused by the Covid-19 pandemic had a negative impact on the country's conditions and led to declining GDP, currency devaluation, and rising public debt.<sup>19</sup>

It is worth noting that the EU has signed a Memorandum of Understanding (MoU) on macroeconomic assistance of 1.2 billion. Macro-financial assistance would be available in the form of long-term loans. In the MoU, Ukraine and the EU have agreed on the policy actions to which Ukraine commits in order to receive the assistance. Specifically, the MoU includes eight policy conditions related to strengthening public finance management, governance and the rule of law, competition in the gas market, improving the business climate, and governance of state-owned enterprises. Aside from the specific policy measures laid down in the Memorandum, Ukraine will also have to keep its IMF programme on track. A clear commitment of Ukraine to central bank independence is an essential precondition for building up confidence and trust and for maintaining good cooperation between Ukraine and its international partners.<sup>20</sup>

However, if we consider legislative changes to improve the corporate governance of joint stock companies, the authorised capital of which includes corporate rights of the state, it is necessary to note the direct interference in the sovereign right of the state to manage its state property. It could be considered a restriction of economic sovereignty and a contradiction to the Constitution of Ukraine. The proportions of participation in supervisory boards on the basis of citizenship are not legally established, so there are usually more foreigners on the supervisory boards of Ukrainian joint-stock companies, and they are more often the heads of such boards due to a shortage of specialists with relevant global experience.

In Ukraine, there is a widespread idea that harming national interests is embodied under the slogan of compliance of corporate governance with the standards of OECD ideas. Interviewed experts believe that without analysing the performance of members of supervisory boards – citizens of other countries – it is inappropriate to talk about their incorrect influence on the activities of domestic JSCs and activities contrary to the interests of Ukraine.<sup>21</sup>

Thus, the problem of sovereignty in the relations between Ukraine and the EU acquires specific features due to the special nature of the relations defined by the current bilateral documents. The factor of national sovereignty of Ukraine is deliberately limited. This is partly due to the voluntary fulfilment by the Ukrainian state of several obligations, such as the unilateral abolition of the visa regime for EU citizens, the adaptation of Ukrainian legislation to many segments of the consolidated European law, the conclusion of agreements on security cooperation, etc. At the same time, the Ukrainian side largely complies with the requirements set by the EU, including constitutional reform, the adoption or correction of legislation on elections, public procurement, energy reforms, and so on. The expansion of the EU's monitoring of internal processes in Ukraine is enshrined in a number of bilateral

19 OECD, 'COVID-19 crisis response in Eastern Partner countries' (2020) <<https://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-eu-eastern-partner-countries-7759afa3/>> accessed 20 June 2022.

20 European Commission, *Coronavirus: Macro-financial assistance agreement signed with Ukraine to limit fallout of pandemic* (2020) <[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1392](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1392)> accessed 20 June 2022.

21 V Kovaleva 'Why is Ukraine losing assets?' (*Government Courier*, 16 July 2020) <<https://ukurier.gov.ua/uk/articles/chomu-ukrayina-vtrachaye-aktivi/>> accessed 20 June 2022.

documents and related agreements, which indicate that the foreign policy of the Ukrainian state is based on the conscientious implementation of international obligations, as well as the priority of universally recognised norms and principles of international law before the norms and principles of national law. In accordance with these principles, Ukraine has given the Venice Commission the opportunity to monitor and analyse national draft legislation.

EU support for Ukraine under the European Neighborhood Instrument is coordinated by the European Commission's Support Group for Ukraine (SGUA). Together with the EU Delegation to Ukraine, SGUA develops support programs for key areas of reform (e.g., decentralisation, the fight against corruption, and strengthening of the rule of law), which are often co-financed and implemented by EU member states.

Ukraine already has significant advantages in the field of energy from the integration processes and implementation of EU energy legislation. In this context, the following should be noted: (a) gas imports are stable under transparent market conditions; (b) the new relationship with the Russian gas monopoly is in line with Ukrainian and EU law and (most importantly) does not require political concessions or sacrifices of sovereignty; (c) participation in the EU market allows Ukraine to obtain protection against discriminatory monopoly actions of the Russian Federation; (d) there is an opportunity to insist together with the EU on the unblocking of gas sales operations on the Ukraine-Russia border and on its availability for European traders.

## 6 CONCLUSIONS

In the twenty-first century, in the conditions of deepening globalisation and regional integration processes, there are more and more reasons to claim that there is no absolute state sovereignty. Nation-states, especially the member states of the EU, are increasingly resorting to self-restraint in the exercise of many sovereign rights and delegating relevant powers to the EU institutions. State sovereignty is important for the legalisation and maintenance of national identity. The self-restriction of the state in the exercise of certain rights and powers is not evidence of the loss of sovereignty, nor does it indicate the destruction of the identity of the people who created the state. When discussing the problem of economic sovereignty, it is necessary to dwell on the reasons and purposes of its limitation. Of course, if sovereignty is limited, for example, by way of annexation or occupation, then such a restriction leads to the loss of sovereignty over a certain part of the state (occupied or annexed) and therefore requires adequate political and international legal assessment and an appropriate response by the world community, international organisations, and individual states. If states have resorted to self-limitation in exercising their sovereignty by concluding mutually beneficial international agreements and transferring sovereign rights, then such self-limitation should not be considered a loss of sovereignty. It should be remembered that in the second case, the self-limitation of sovereignty occurs to the extent that the state itself is interested in it.

The self-limitation of states always has specific reasons and goals, and therefore the degree of self-limitation in exercising sovereignty is also different. The most common grounds for self-limitation of nation-states in the exercising of their sovereignty are economic ones. Foreign economic and related financial factors are so important in today's world that they force even the world's leading states to resort to self-restraint in exercising sovereign rights and powers in the economic and financial spheres.

The problem of the self-limitation of Ukraine's sovereignty due to its integration into the EU can be discussed only in the context of ensuring economic sovereignty and economic security. The current activities of all branches of government in Ukraine are aimed at implementing the country's strategic course towards full membership in the EU and NATO.

This goal is enshrined in the Constitution and defined as the most important priority of national interests in the Strategy of National Security of Ukraine. There has always been a manipulative component to Ukraine-EU relations, but the situation completely changed after the military invasion of the Russian Federation. On 23 June 2022, the European Parliament adopted a resolution calling on the heads of state or government to grant EU candidate status to Ukraine ‘without delay’.

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