

## CONVERGENCE OF ECONOMIC MODELS OF UKRAINE AND POLAND: EVOLUTION, MECHANISMS, EFFICIENCY

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**Abstract:** Among the neighboring countries that are members of the EU (Bulgaria, Romania, Hungary, Slovakia, and Poland), Ukraine's closest trade and economic relations are developing with Polish partners. The article analyzes the features of the transformation processes in the two countries after the collapse of the USSR (1991), the reorientation of their political and economic aspirations from Moscow (CIS) to Brussels (EU). The importance and necessity of studying the experience of Poland in the process of its accession and strengthening of its positions in the EU were emphasized. The author investigated the factors, whose influence quadrupled the economic potential (GDP, nominal) of Poland in comparison with Ukraine for the period of 1991-2020. The purpose of this paper is to study trends in the development of bilateral trade and economic relations, to develop recommendations for the further expansion and diversification of trade in goods and services between countries, as well as to substantiate the need to use effective mechanisms and tools for the European convergence of the national economies of Poland and Ukraine. These proposals correlate with the European and Euro-Atlantic course of Ukraine with the active support of Poland as one of its most important strategic partners.

**Keywords:** convergence, European integration processes, Poland, quality of life, strategic partnership, trade and economic cooperation, Ukraine

**JEL classification:** F15, O11, P52, Q27

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## Introduction

*Of course, you know better, but if you need investment and economic growth,  
it is better not to fight with your neighbors, but to trade*  
(Lee Kuan Yew)

This statement by a well-known politician, the first prime minister of Singapore, was not specifically addressed to Ukraine. It is of a general political nature. Unfortunately, Ukraine has to trade and fight in foreign policy. Military action takes place between the armed forces, other security forces of Ukraine and the armed formations of the Donetsk and Luhansk People's Republics (DPR / LPR), supported by Russia (Bezzubko, 2021). The transformational (disintegration and integration) processes taking place in Ukraine after the declaration of independence (08.24.1991) in the political sphere are fully reflected in the trends of the country's socio-economic development. If the level of Ukraine's GDP in 1990 amounted to \$293.2 billion, then by the end of 2020 its value was \$142.2 billion, i.e. falling by more than a half (Research, 2020).

Among the main reasons are the breakdowns of cooperation ties with traditional partners after the collapse of the USSR, the destruction of industrial potential, the bankruptcy of thousands of enterprises, the dismissal of millions of highly qualified specialists, the loss of sales markets, etc. Disintegration phenomena in Ukraine continue to deepen in the political, trade and economic spheres in relations with the Union State of Belarus and Russia, the CSTO, the EAEU, and the CIS. After Euro-maidan (21.11.2013-22.02.2014), "the irreversibility of the European and Euro-Atlantic course of Ukraine" was proclaimed. The corresponding changes in the strategic intentions of the state were reflected in the preamble to the Constitution of Ukraine (Law of Ukraine, 2019). The choice of the research topic is due to the priority of the European integration orientation of Ukrainian policy, the special role in its implementation of Poland, as a neighboring country, as an EU member state, as a strategic partner of Ukraine. To achieve this goal, it became necessary to formulate, consider and solve a set of problems for scientific research.

First, the author intends to overcome a certain vacuum of research on bilateral trade and economic relations between Ukraine and neighboring countries belonging to different political and economic blocs, to improve the existing concepts of socio-economic development at the local and mega-regional level.

Secondly, it is important to assess trends in the development of foreign trade with neighboring countries, relying not only on the presence of common borders but on the basis of economic, humanitarian, and family ties that were formed in conditions of both peaceful coexistence and in the presence of contradictions and disagreements between countries for many centuries.

Thirdly, we intend to consider the state and prospects for the development of trade in goods and services between countries, groups of countries, individual regions, cross-border trade based not on the positions of the interests of individual politicians, their party affiliation, but on the basis of the interests of both the country as a whole

and the need to increase the level of well-being and the quality of life of each of its citizens.

Fourthly, the deepening of trade and economic relations should help to increase the level of competitiveness of each country and strengthen its key components: morality, the level of education and science, industrial potential, the economy of the state, and the quality of life of the population.

Fifthly, the structure of trade between the two countries should contribute to the development of not only the raw materials sectors of the economy, the agro-industrial complex, but the development, production and sale on the market of both countries, the EU, world markets of products of high-tech and science-intensive industries with the highest level of added value.

Sixthly, special attention should be paid to the experience of long-term cooperation between many universities in Ukraine and Poland in training and advanced training of specialists, expanding academic exchanges, participating in international scientific, educational and social projects, developing cooperation with international and regional international organizations.

Finally, it is important for Ukraine to study and generalize the experience of Poland in the development and implementation of its European integration strategy, to improve the mechanisms and tools for the European convergence of economic models of the two countries in the context of the strengthening of the globalization of the world economy, as well as the further expansion of European economic integration (Lukyanenko et al., 2010).

## **Methodology**

The theoretical basis of the research is formed by the key provisions of economic science, conceptual approaches to the study of the problems of international economic relations, the cyclical development of socio-economic systems, geopolitics, globalization, integration, and convergence processes in the economy. The research methodology is based not on “fragmentary” approaches to the consideration of economic phenomena, but on their study on the basis of economic laws, patterns, trends in trade, and economic cooperation between countries in the context of European integration and globalization of the world economy. By “fragmentary” approaches, we mean research that reflects certain phenomena in the economic development of a country and/or in the framework of international cooperation over a short period (quarter, six months, or one or two years). At the same time, it is wrong to draw any conclusions about the objectivity and stability of certain changes.

The purpose of the scientific search is to study trends in the development of Ukrainian-Polish trade and economic relations, substantiate the need to use effective mechanisms and tools for the European convergence of the economies of the two countries, develop recommendations for further expanding cooperation between Ukraine and the Republic of Poland in priority areas of management. The formulated provisions correlate with the European and Euro-Atlantic course of Ukraine proclaimed and enshrined in the Constitution with the active support of Poland as one of its most important strategic partners.

To achieve the set goal and objectives of the study, the following methods were used: structural-logical, retrospective and comparative analysis, induction and deduction, rating, system-structural, causal relationships, etc. The use of structural-logical analysis allows building the logic and structure of the study. This process is carried out by first studying the state of trade between neighboring countries with Ukraine, then by considering the essence of transformation processes in the economies of the two countries over the past three decades, as well as by analyzing the state, and the problems and prospects of trade and economic cooperation.

Comparative data on the volume of trade between Ukraine and the neighboring 10 countries allow us to conclude that the most effective and progressive in scale are the trends in the implementation of export-import operations between Ukraine and Poland. A retrospective analysis of the socio-economic development of Ukraine and Poland in 1992-2020 shows that with almost equal starting conditions at the end of the 1980s, Poland has better results. This testifies to the level of effectiveness of the reforms being carried out in the two neighboring countries. Finally, the use of graphical analysis makes it possible to visually verify the trends in trade and economic cooperation.

The main sources of information were publications of scientists, normative and legislative acts of Ukraine, materials of the national statistical offices of Ukraine and Poland, data from the EU, IMF, and other international organizations. It should be modestly noted that the author of the article is not only an analyst but also a direct observer and participant in the ongoing transformation processes for more than half a century (1969, Finland) in most European countries, including, of course, Poland.

## **The world economy starts with trade between neighboring countries**

*Even the smallest friendship won't hurt*  
(Polish proverb)

From the first days of its independence, Ukraine began to establish mutually beneficial economic relations with each of the 10 neighboring states, taking into account the multidirectional political priorities of each of them. Based on the well-known expression “Politics is a concentrated expression of the economy”, we analyzed the state, problems and prospects for the development of bilateral trade and economic relations between Ukraine and neighboring countries, taking into account the influence of the political factor. It was found that the volume of foreign trade with some countries was minimal, and relations in the field of politics, culture, sports, etc., were at a fairly high level (for example, with Georgia). The opposite picture was observed with some other countries.

Back in 2009, the author of these lines addressed the leadership of the Verkhovna Rada of Ukraine with an analytical note with proposals on the prospects for the development of trade and economic relations between Ukraine and neighboring countries. The attention of parliamentarians was focused on the need to adhere to the fundamental principles of political economy in foreign trade. The Policy Brief was reviewed and adopted for use in the development of relevant legislation.

Table 1 shows comparative data on the volume of trade between Ukraine and neighboring countries in 2007 and 2020 (in \$mln). The analysis of the given data shows the following:

- a. although the political relations of Ukraine with Georgia and Moldova are quite close, including their common desire to join the EU and NATO, the volumes of trade are at a relatively low level, there is even a tendency to their decline ( $K = 0.92$  and  $K = 0.76$ , respectively, i.e. the ratio of trade volumes in 2020 to their value in 2007);
- b. the activity of trade transactions between Ukrainian businesses and their partners from Bulgaria ( $K = 1.30$ ), Slovakia ( $K = 1.16$ ), Romania ( $K = 1.17$ ), Hungary ( $K = 1.13$ ) and Turkey ( $K = 1.08$ ) during 2007-2020 increased insignificantly, which indirectly reflects the state of political relations between the countries;
- c. a sharp drop in the volume of trade between Ukraine and Russia is explained by the annexation of Crimea and hostilities in the Donbas ( $K = 0.35$ );
- d. finally, Ukraine's trade with Belarus ( $K = 1.76$ ) and Poland ( $K = 1.62$ ) is developing most successfully.

**Table 1. Trade turnover between Ukraine and neighboring countries in 2007 and 2020 (\$mln)**

Country	2007	2020	2020/2007
Russia	29505.6	10229.3	0.35
Poland	4557.4	7362.0	1.62
Turkey	4622.1	4973.8	1.08
Belarus	3006.2	4209.7	1.76
Hungary	2476.0	2804.4	1.13
Romania	1407.5	1651.2	1.17
Slovakia	1168.6	1358.8	1.16
Moldova	1079.5	817.9	0.76
Bulgaria	723.6	801.7	1.30
Georgia	627.9	501.8	0.92

Source: Authors' own study based on (World Data Atlas)

It is to be noted that the results of our research on the origins, state and directions of development of trade and economic cooperation between Ukraine and Bulgaria, as well as the Republic of Belarus were presented on the pages of economic journals (Gerasymchuk, 2020a; Gerasymchuk, 2020b). A similar attempt is being made by us with regard to the development of relations with our most important strategic partner – Poland. The relevance of the problems we are considering is also confirmed by the fact that the state and prospects of Ukraine's relations with neighboring states are the most important area of research of the Friedrich Ebert Foundation (Ukrainian Prism, 2012). This foundation shares the values of social democracy and is actively involved in spreading the politics of freedom, solidarity, and social justice around the world.

## **Transformational Processes in the Economy of Poland and Ukraine**

*The changes taking place in our life  
are a consequence of our choices and our decisions  
(Wisdom of the Ancient East)*

Our choices and our decisions depend on the influence of many external and internal factors. In 1991 the world became unipolar in connection with the collapse of the USSR, the termination of the existence of the military-political bloc of the Warsaw Pact Organization (OVD), as well as the CMEA, which controlled a third of world industrial production. The role of the USA, EU, NATO, as well as the WTO, IMF and some other international organizations is growing in the world arena. The aggravation of the internal situation in Poland, Ukraine and other Eastern European countries in the late 1980s is explained by the accumulation of social and economic problems and the confrontation of political forces.

As the modern history of civilization development shows, there are three main approaches to solving the socio-economic problems of society:

1. improving the planned economic system (USSR, until 1991);
2. using market mechanisms in economic management (most countries of the world);
3. combining planning and market instruments in the development of the national economy (PRC, since 1978).

China is the most ambitious, effective and impressive example of transformational economic transformation. Since 1978 on the initiative of Deng Xiaoping, the PRC set a course for the convergence of socialism and capitalism, for the implementation of the principles of “reform and opening”, “socialism with Chinese characteristics”, and then “the great revival of the Chinese nation” under the control of the CCP.

According to Chang (1996), it was Deng Xiaoping who provided the ideological roadmap and legitimization of reforms and modernization of the Chinese economy with an emphasis on developing productive forces, liberalizing domestic and foreign trade, and attracting foreign investment. Today, China's economy is the second after the United States in the world ranking in terms of nominal GDP, the first in the world manufacturing industry (2010), and in terms of GDP (PPP) since 2014.

In Poland and Ukraine, they decided not to take into account Deng Xiaoping's advice “Do more and talk less”. The reformers have adopted 10 recommendations of the Washington Consensus, formulated by the English economist Williamson (2002). They are based on three basic principles: macroeconomic discipline, market economy, and openness to the outside world. Key provisions of the Washington Consensus have been recommended by the IMF, the World Bank and leading US think tanks to transition economies as a roadmap for macroeconomic policy implementation in the face of the financial and economic crisis.

The Polish economy in the late 1980s was in an extremely difficult state. The measures taken by the government to improve it, aimed at decentralization and independence of enterprises, did not bring tangible results. The inflation rate reached

600%, the external debt – \$42 billion. The salaries of employees of enterprises were low. There was a shortage of essential goods, including food. Population discontent grew. To take measures to reform the country's economy in September 1989 a commission of experts was formed under the chairmanship of the Polish Minister of Finance and Deputy Prime Minister, Leszek Balcerowicz. The Commission was prepared and approved by the Seimas at the end of 1989 plan for market reforms. This document is known as the Balcerowicz Plan, “shock therapy” or “Soros-Sachs” since, initially, it was the American economists J. Soros and J. Sachs who were preparing the transformation plan in Poland. The “shock therapy” provided for the implementation of rapid and radical changes in the structure and incentives of economic relations. The transformations concerned the implementation of a tight monetary policy, reducing the budget deficit, quickly lifting price controls on goods and services, liberalizing foreign trade, ending state control over citizens' incomes, privatizing state-owned enterprises, and other measures.

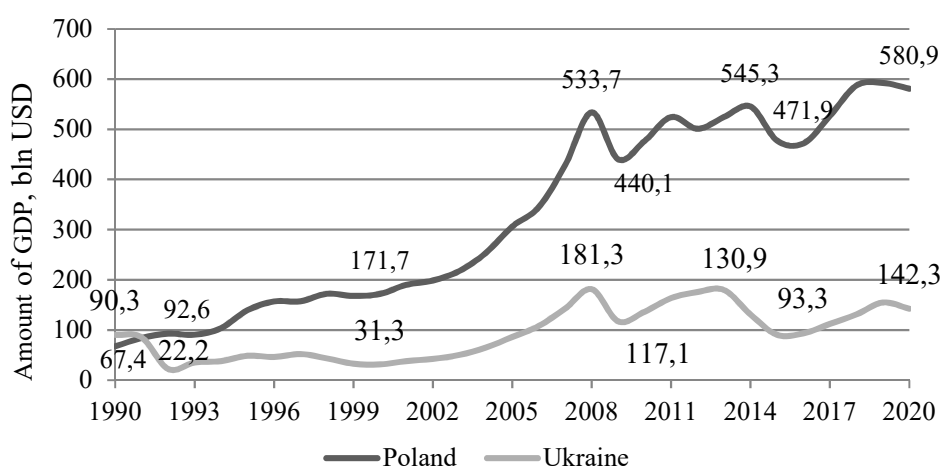
The results of the “shock therapy” are assessed in different ways. In these assessments, we proceed from the positions of not only a scientist, but also a direct witness and participant (industrial worker, politician, and teacher) of transformation processes not only in Poland and Ukraine but also in almost all Eastern European countries. The researcher must see two sides of any phenomenon. So, critics of the reforms in Poland draw attention to their drama. There was an increase in inflation. In 1995 more than 40% of Poles lived below the poverty line. Most of the industrial enterprises, trade, banks and mass media were destroyed or sold at the residual value to foreign capital. Many enterprises were bought out with the promise of further reconstruction, the introduction of new technologies, and were practically leveled to the ground. In their place were built supermarkets, pharmacies, casinos, hairdressers, etc. Natural population growth was falling. The flows of labor emigration and “brain drain” to Great Britain, Ireland, Germany, the USA and other countries were not interrupted. In the aggregate, many provisions of the concepts of neoliberalism, neo-colonialism and transformation were implemented (Gabarta, 2019).

A positive result is the fact that the Balcerowicz plan laid the foundation for Poland's accession to the EU (2004). The consumer price index fell from 567% in 1990 up to 76% in 1991 and up to 7.1% in 1999. Subsequently, this indicator rarely exceeded the maximum permissible 3%. According to the main indicators, the country already in 1994 managed not only to reach the pre-transformation level of 1989 but also to exceed the indicators of 1978, which was considered the most successful in the history of the Polish People's Republic. From 1990 to 2018 GDP increased 2.7 times. Inflows of foreign direct investment (FDI) increased from 359 million US dollars in 1990 to 11.476 billion US dollars in 2018. In support of reforms from the EU structural funds in 2004-2019 allocated about 110 billion euro. This form of support is perceived as compensation for the rapid opening of the country's internal market for TNCs, the inflow of European capital, and the removal of all existing barriers in trade with the EU countries.

In 1989-2016 the volume of industrial production increased 2.6 times. The level of competitiveness of industrial goods increased from 30% to 75-85%. The share of small and medium-sized enterprises (SMEs) in industry increased from 7% to 60%.

The share of those employed in SMEs increased from 22% to 60%. Foreign trade has become much more active. In 1991-2018 the volume of exports of goods increased by more than 17 times – from \$14.9 billion to \$264.786 billion. Imports increased by almost 18 times (from \$15.5 billion to \$270.157 billion) (Gabarta, 2019). The statistical data presented fairly objectively reflect the positive shifts that have occurred in neighboring Poland during the period of economic reform. Poland demonstrates that it occupies a worthy place in the pan-European community, relying on its fundamental principles and values such as democracy, the rule of law, separation of powers, and tolerance.

During the period of independence (1991-2021), the effectiveness of the reforms carried out in Ukraine can be briefly characterized by the fact that the level of GDP increased from \$90.3 billion in 1990 up to \$142.3 billion in 2020, i.e., almost 1.6 times. In Poland, over the same period, GDP increased from \$67.4 billion to \$580.9 billion, i.e., it increased by 8.6 times (World Data Atlas). If in 1990 Poland's GDP was 1.3 times lower than the level of Ukraine, then at the end of 2020 this indicator of Poland exceeded the GDP of its neighboring country... by 4.1 times (Figure 1).



**Figure 1. Dynamics of GDP of Ukraine and Poland for 1990-2020 (\$billion)**

Source: Authors' study based on (World Data Atlas)

If the average annual growth rate of GDP (PPP) during 1990-2018 in Poland they accounted for 14.5% (63rd place in the world ranking), then in Ukraine – only about 1.5% (158th, last place in the ranking). If the population in Poland remained practically unchanged for 30 years, then in Ukraine it decreased by 8 million people (according to unofficial sources – by 20 million people). Some data on the trends in the socio-economic development of Ukraine and Poland in 1992-2020 are presented in Table 2.

The economic conditions in the early 90s, as well as the “starting recipe” for economic reform in the form of the Washington Consensus, were essentially the same in both countries. The results are different. Over the course of 30 years of independence,



the Ukrainian economy has been “reformed” by 6 presidents and 20 prime ministers with the involvement of many thousands of internal and external “consultants”, “groups of competent strategic advisors”, various foundations, and analytical centers. The reasons for Ukraine's significant lag behind Poland in economic development are outlined in many publications. Thousands of concepts, strategies, programs and other “recipes” for improving the situation have been prepared at different levels of the power vertical (state, regional, sectoral and territorial levels). The mechanism for their implementation remains chronically ineffective and failed.

**Table 2. Comparative data on the socio-economic development of Ukraine and Poland in 1992-2020**

Indicators	Ukraine		Poland	
	1992	2020	1992	2020
1. Population, million people	52.15	44.13	38.36	37.95
2. GDP, face value, \$bn.	22.19	151.54 (56)	88.89	594.18 (21)
3. GDP (PPP), \$/ person	6390	13110 (90)	6668	34103 (38)
4. HDI	0.71	0.79	0.72	0.88
5. Average salary, \$	-	497.0	-	1410.33
6. Export of goods and services, \$bn.	16.04	60.67	18.70	333.54
7. Imports of goods and services, \$bn.	17.41	62.46	18.11	292.44

Source: Authors' study based on (World Data Atlas)

It should be noted that many well-known Polish economists interested in accelerating the reform of the Ukrainian economy have repeatedly advised the country's leadership on this direction. In 1989, the Polish Minister of Finance in 1994-1997 and 2002-2003 Kolodko G. proposed a “Strategy for Ukraine” or “therapy without shock” of nine points, namely: financial stabilization and protection of the hryvnia; reform of the budgetary system and decentralization of the allocation of budgetary funds; development of small and medium-sized businesses (SMEs); restructuring large enterprises and traditional industries; deregulation in the agro-industrial complex; reorientation of foreign economic relations; fight against the “shadow economy” and corruption; investing in human capital; institutional support of market relations.

According to Kolodko (1998), when developing strategic intentions, it is necessary to combine the specifics and conditions of economic relations in the country with an external perspective, own needs with foreign experience, knowledge of internal political mechanisms with recommendations from international organizations, issues of institutionalization with financial affairs, stabilization with growth,

theory – with practice. In Poland, this approach to the implementation of transformation processes has brought quite positive results. The main issue, in our opinion, is the responsibility of the authorities and the political elite before the state, before the people for the implementation of reforms and the achievement of a decent quality of life for citizens.

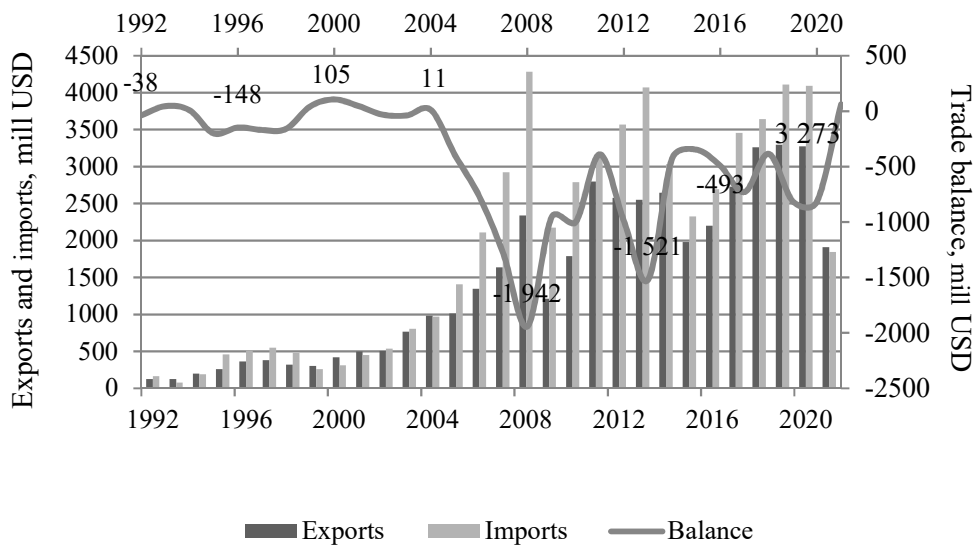
### **Ukrainian-Polish economic relations: state, problems, prospects**

*A good neighbor is the greatest relative*  
(Ukrainian proverb)

Among the “good” neighbors, the “biggest relative” is Poland. According to the results of the first half of 2021, Poland ranks first among the top 3 trade partners of Ukraine from the 27 EU member states in terms of trade turnover (\$4.6 billion). Germany is second (\$4.0 billion), and Italy is third (\$2.6 billion). This is evidenced by the data of the State Customs Service of Ukraine (European Integration Portal, 2021).

Figure 2 presents data on the commodity structure of trade between our countries. For the period 1992-2020, the volume of trade increased by 25.8 times. In the presented dynamics, the most successful years were the pre-crisis 1997 (\$0.93 billion) and 2008 (\$6.62 billion), as well as 2013 (\$6.61 billion), the year of the beginning of the Revolution of Dignity. One cannot fail to notice a significant revival of bilateral trade in 2017. Of course, it can be explained to a certain extent by the fact that on 01.09.2017 the Association Agreement between Ukraine and the EU, including the Deep and Comprehensive Free Trade Area (DCFTA) entered into force in full scope. A legal basis was formed for the free movement of goods, services and capital, partly labor between Ukraine and the EU, as well as regulatory mechanisms that contribute to the gradual entry of the Ukrainian economy into the common EU market. From 11.06.2017 there is a visa-free regime between Ukraine and the EU.

Based on the results of 2020 the total volume of bilateral trade in goods and services with Poland amounted to USD 7.97 billion. According to the Polish side, the trade turnover between the two countries amounted to \$8.93 billion after China and Germany; Poland became the third largest trade partner of Ukraine. It is gratifying that the state of trade between the two countries was only marginally affected by COVID-19. The bilateral trade balance over the past three decades has been largely in favor of Poland. At the end of 2020 in trade in goods, according to Ukrainian statistics, it was minus 0.82 billion dollars, Polish – plus \$3.05 billion. Among the main goods of Ukrainian exports to Poland: agricultural products (28.3%); metallurgy (18%); mineral products (17.4%); products of the woodworking industry (9.9%); products of the electromechanical industry (7.7%). Ukraine imports products of the electromechanical industry from Poland (32.4%); chemical products (21.2%); agricultural products (14.4%); goods of light and textile industries (9.4%); metallurgy (8.1%) (Geographic Structure..., 2021).



**Figure 2. Trade turnovers between Ukraine and the Republic of Poland, 1992-2020 (Smillion)**

Source: Authors' study based on (World Data Atlas)

If Polish business mainly delivers to Ukraine products with a greater share of processing, which means added value, then Ukrainian exports to Poland are of raw material nature (Studinska & Studinsky, 2019). Unfortunately, constant “restructuring”, global and internal crises, the ineffectiveness of public administration have led to the degradation of the industrial sector, the loss of such high-tech industries as space, aviation, engineering, and many others.

The further intensification of economic cooperation between neighboring countries is facilitated by the creation of a favorable investment climate. Poland is among the top ten investors in Ukraine. At the end of 2020, the total volume of direct investments from Poland into the Ukrainian economy amounted to \$837 million. 45% of the given volume of investments was directed to the industrial sector. About 3 thousand companies with Polish capital are actively operating in Ukraine. The number of Ukrainian companies is also growing in Poland, where a natural person or Ukrainian legal entity acts as a co-owner. At the beginning of 2020, their number increased to 16.5 thousand, which is 17% of all companies with foreign capital on the territory of Poland.

Noting the achievement of progress and success in economic relations between the two countries, the Ambassador of Poland to Ukraine, B. Tsikhotskiy, draws attention to the existence of a number of unresolved problems. Polish exporters often face unreasonable restrictions, and Polish businessmen suffer losses due to the use of anti-dumping and protectionist measures that are not sufficiently justified on the Ukrainian side. Sometimes these measures are used as a means of eliminating competition. The introduction of duties or quotas on imported goods leads to an increase in the prices of imported goods, a decrease in consumer demand, and a loss of the

market. There was a tendency to introduce quantitative restrictions on mineral fertilizers, which is reflected in the financial losses of Ukrainian farmers, and also leads to an increase in the cost of agricultural products on the domestic market. Another manifestation of protectionism is the introduction of an 18% duty on polymer materials used in industry and construction.

Protectionist measures are also applied on the Polish side. In particular, this applies to transit road freight transport to European countries. With the real annual demand of Ukrainian road carriers at the level of more than 200 thousand permits per year, the Polish government allocates only 160 thousand. This leads to problems with the capacity of the border.

Vague legislation, an unconventional justice system, and the lack of adequate protection of intellectual property in Ukraine remain serious barriers for foreign investors. As a result, the level of Polish investments in Ukraine has been hovering around \$800 million for several years now and does not meet the interests of the business of the two countries. Investments from Poland are directed to Ukraine, first of all, in the banking and financial sector (about 46%), in the processing industry (about 33%), in the sphere of trade and services (9.5%). The adoption of measures by the Ukrainian side to improve the investment climate in the country will significantly increase the trade exchange between our countries (Tsikhotskiy, 2020).

Among the promising areas of bilateral economic cooperation, the following should be highlighted: the development of vertical cooperation in the production of weapons, the agro-industrial complex with a focus on niche segments, the establishment of Ukrainian electricity supplies to replace the Polish coal energy, joint exploration, and production of natural gas. It is especially worth emphasizing the need to strengthen long-term cooperation with Poland in the context of the integration of Ukraine's energy systems into the European network of gas transmission system operators. The importance of this issue is reflected in the key provisions of the Energy Strategy of the state. The relevance of partnership with the Polish side in the issue of gas supply diversification is noted in the Memorandum of Trilateral Cooperation between Ukraine, Poland, and the United States. The issues of integrated border management and joint planning of the spatial development of border areas, etc. remain unresolved (Zosimenko, 2021). A special role in solving these and many other tasks is assigned to the Polish-Ukrainian intergovernmental commission on economic cooperation.

The participation of the two countries in the implementation of a number of initiatives of the Polish side contributes to the strengthening of Ukrainian-Polish economic relations. We are talking about the Commonwealth of Democratic Choice (2005), the Eastern Partnership (2008), the Three Seas Initiative (2016), and the Lublin Triangle (2020). The name of the new format of cooperation between Poland, Lithuania and Ukraine is associated with the famous Polish city, where in 1569. The Kingdom of Poland and the Grand Duchy of Lithuania signed the Union of Lublin, which marked the beginning of the Commonwealth. The new state in Eastern Europe included the lands of the Kingdom of Poland, the Grand Duchy of Lithuania, as well as most of the territories of modern Ukraine and Belarus.

For Poland, the Lublin Triangle acts as an additional tool for strengthening its own leadership ambitions in Central and Eastern Europe, as a “bridge” between East and West, and also contributes to Poland's advancement towards its main historical and geopolitical goal – the idea of Intermarium or Trimorie. The Intermarium unites 12 EU countries, which have access to the Baltic, Black and Adriatic Seas. For Lithuania, the Lublin Triangle reinforces the image of a good neighbor and implements one of the principles of Lithuanian foreign policy – “helping others, we help ourselves” (Rusakova, 2021).

For Ukraine, participation in the Lublin Triangle is an additional option for deepening cooperation with EU countries. This concerns, for example, the implementation of joint infrastructure projects GO HIGHWAY and Via Carpatia, which connect the Ukrainian ports in Odessa and Nikolaev with the ports in Gdansk and Klaipeda; construction of interconnecting gas pipelines Lithuania-Poland and Ukraine-Poland, which contributes to the diversification of gas supply sources and an increase in the level of energy security of the region, etc. The implementation of the announced intentions within the framework of the Lublin Triangle initiative will significantly expand political, economic, infrastructural, defense and cultural ties between Poland, Lithuania, and Ukraine.

## Conclusions

*You can live without friends,  
but you cannot live without neighbors*  
(Thomas Fuller, 1608-1661)

Poland became the first country in the world to recognize the independence of Ukraine. If Poland reoriented its foreign economic vector at the beginning of the 90s from Moscow to Brussels-Washington, Ukraine de facto began to carry out this process only after the Revolution of Dignity (2014). Although market reforms in both countries followed the same scenario (“Washington Consensus”, in Poland – “shock therapy”), the results were different. With the same starting conditions for the transition from a planned to a market economy, Poland's GDP exceeds this indicator of Ukraine by more than 4 times (2020). While Polish exports are dominated by products with a greater share of added value, Ukrainian exports are clearly raw materials. Migration flows from Ukraine to Poland are growing. The strategic partnership Ukraine-Poland in the context of European integration processes should help to increase the efficiency of the convergence of economic models of the two countries, improve the quality of life of the population. Particular attention should be paid to improving the investment climate. To radically improve economic relations, it is necessary to search for new mechanisms and models, new leaders of transformations. A well-rounded strategic action plan and a highly effective mechanism of accountability for its implementation can and should be a factor of success.

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## KONWERGENCJA MODELI GOSPODARCZYCH UKRAINY I POLSKI: EWOLUCJA, MECHANIZMY, EFEKTYWNOŚĆ

**Streszczenie:** Wśród krajów ościennych będących członkami UE (Bułgaria, Rumunia, Węgry, Słowacja i Polska) najbliższe stosunki handlowe i gospodarcze Ukrainy rozwijają się z polskimi partnerami. W artykule dokonano analizy cech procesów transformacyjnych w obu krajach po rozpadzie ZSRR (1991), reorientacji ich aspiracji politycznych i gospodarczych z Moskwy (WNP) do Brukseli (UE). Podkreślono wagę i konieczność badania doświadczeń Polski w procesie wchodzenia i umacniania swojej pozycji w UE. Autor zbadał czynniki, których wpływ przyczynił się do czterokrotnego wzrostu potencjału gospodarczego (PKB, wartość nominalna) Polski w porównaniu z Ukrainą w okresie 1991-2020. Celem opracowania jest zbadanie trendów w rozwoju dwustronnych stosunków handlowych i gospodarczych, wypracowanie rekomendacji dla dalszej ekspansji oraz dywersyfikacji handlu towarami i usługami między krajami, a także uzasadnienie potrzeby stosowania skutecznych mechanizmów i narzędzi przez europejską konwergencję gospodarek narodowych Polski i Ukrainy. Propozycje te korespondują z europejskim i euroatlantyckim kursem Ukrainy przy aktywnym wsparciu Polski jako jednego z jej najważniejszych partnerów strategicznych.

**Słowa kluczowe:** procesy integracji europejskiej, jakość życia, konwergencja, Polska, partnerstwo strategiczne, współpraca handlowa i gospodarcza, Ukraina

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