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## **INTERNATIONAL INTEGRATION OF MOLDOVA AS A FACTOR OF ECONOMIC DEVELOPMENT**

*The article examines various aspects of international economic integration as a special form of relations between different countries, in response to the complex and varied problems faced by the states of the world in the conditions of deepening international economic interaction and which require adequate solutions of economic collaboration. The basic notions of the process of international economic integration are studied: the premises and essence of economic integration, conditioned by the development and deepening of the international division of labor (IDL). IDL expresses the relations that are established between national economies regarding the distribution of economic activities among themselves, deepening specialization and cooperation in different fields (production, energy, transport, investment, technical-scientific, trade, tourism, financial-crediting, migration, service provision, etc.), showing the position and place of each country and each group of countries in the world economy. It is shown that the formation of the world economy was the result of a long historical process of development of exchanges of activities, from the microeconomic to the macroeconomic level and then to the international, regional and universal scale, based on the deepening of the international division of labor. The article presents a general description of the main integration groupings of countries (NAFTA, CELAC, MERCOSUR, APEC, G7, G20, BRICS, SCO, CIS, UVEA, etc.); The role of the European Union (EU) as a beneficial form of economic integration, the advantages of integration are highlighted, the problems faced by countries in different integrationist groupings. Based on the study of the world experience and in-depth analysis of the level of cooperation of the Republic of Moldova with the main international and regional economic and financial bodies (IMF, EBRD, WTO, UNDP, FAO, USAID, EIB, etc.), also the country's participation in the development of regional cooperation (Black Sea region, GUAM, South-East European Cooperation, etc.), cross-border cooperation with Romania and Ukraine, The author achieved his goal of stability, formulating reasoned proposals and recommendations on increasing the competitiveness of the Republic of Moldova at international level, deepening the process of integration into international economic structures in the context of the perspective of the country's accession to the European Union.*

**Keywords.** IDL, international and regional integration, specialization and economic cooperation, their advantages; the role of the EU in the global economy; Moldova in integration into international and regional economic structures.

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## **МІЖНАРОДНА ІНТЕГРАЦІЯ МОЛДОВИ ЯК ФАКТОР ЕКОНОМІЧНОГО РОЗВИТКУ**

*У статті розглядаються різні аспекти міжнародної економічної інтеграції як особливої форми відносин між різними країнами, що є відповіддю на складні та різноманітні проблеми, з якими стикаються держави світу в умовах поглиблення міжнародної економічної взаємодії і які потребують адекватних рішень економічного співробітництва. Розглянуто основні поняття процесу міжнародної економічної інтеграції: передумови та сутність економічної інтеграції, зумовлені розвитком і поглибленням міжнародного поділу праці (МПП). МПП виражає відносини, що складаються між національними господарствами з приводу розподілу між ними господарської діяльності, поглиблення спеціалізації та кооперації в різних галузях (виробничій, енергетичній, транспортній, інвестиційній, науково-технічній, торговельній, туристичній, фінансово-кредитній, міграційній, сфері послуг тощо), показуючи становище і місце кожної країни та кожної групи країн у світовому господарстві. Показано, що формування світового господарства було результатом тривалого історичного процесу розвитку обміну діяльністю від мікроекономічного до макроекономічного рівня, а потім до міжнародного, регіонального та всесвітнього масштабу на основі поглиблення міжнародного поділу праці. У статті подано загальну характеристику основних інтеграційних угруповань країн (НАФТА, Співтовариство країн Латинської Америки і Карибського басейну, Меркосур, АТЕС, G7, G20, БРІКС, ШОС, СНД, UVEA, та ін.), роль*

*Європейського Союзу (ЄС) як вигідної форми економічної інтеграції, висвітлено переваги інтеграції, проблеми, з якими стикаються країни в різних інтеграційних угрупованнях. На основі вивчення світового досвіду та поглибленого аналізу рівня співпраці Республіки Молдова з основними міжнародними та регіональними економічними та фінансовими організаціями (МВФ, ЄБРР, СОТ, ПРООН, ФАО, USAID, ЄІБ, та ін.), а також участі країни у розвитку регіонального співробітництва (Чорноморський регіон, GUAM, СПСС, та ін.), транскордонної співпраці з Румунією та Україною. Автор досяг поставленої мети, сформулювавши аргументовані пропозиції та рекомендації щодо підвищення конкурентоспроможності Республіки Молдова на міжнародному рівні, поглиблення процесу інтеграції в міжнародні економічні структури в контексті перспективи вступу країни до Європейського Союзу.*

**Ключові слова:** МПП, міжнародна та регіональна інтеграція, спеціалізація та економічне співробітництво, їх переваги; роль ЄС у світовій економіці; Молдова в інтеграції в міжнародні та регіональні економічні структури.

**Introduction.** International economic integration is a special form of economic relations between different countries of the world, which developed in the twentieth century, after the Second World War and, at present, is an important feature of the evolution of the world economy, occupying a special place in international economic relations. It can be considered as a qualitatively superior way of cooperation between countries, a response to complex and diverse problems faced by the states of the world in the conditions of deepening of international economic cooperation and which require adequate solutions for economic cooperation.

The process of economic integration is based on agreements between the participating countries and involves the creation of appropriate economic organizations. The factors that contributed to this process are: *the geographical proximity of the respective countries, the presence of common economic and political interests, the convergence of levels of economic and social development.* The process of economic integration is complex, it is accompanied by contradictions and disputes. The implementation of international economic integration should lead to the elimination of barriers and various forms of trade discrimination that exist between national economies.

**Materials and methods.** The study shows that the most important feature of our time is the growth of interdependence of the economies of different countries, the development of international processes at the macro and micro levels, the intensive transition of civilized countries from closed national economies to an open economy facing the outside world [11, p. 107]. As noted by V. Byrdan [3, p. 10], this process covers several economic categories and can relate both to the takeover of a company by a larger concern and to the inclusion of a regional economy in the national economy within the regional space on a continental scale. According to I. Ignat and S. Pralea [8, p. 48], this process is due to the development and deepening of the international division of labor as the main element of world economic integration.

Today, integration associations are regional in nature and differ in the depth of the ongoing processes, accompanying rapprochement and closer political

cooperation between countries. The integration process develops in various forms: 1) free exchange zones, or free trade zones; 2) customs unions; 3) common market; 4) monetary union; 5) economic and monetary union 6) political, universal soyu (13). Author studied the experience of creation, fundamental documents (Treaties, Conventions, Statutes and other documents) that are the basis of their formation, principles of activity, advantages and emerging problems in their functioning. It is established that problems and tasks arise in world economic relations, the study of which will allow to establish effective, large-scale interregional interactions between countries.

The purpose of this work is to study the experience of the development of relations between the countries in various integration groups (NAFTA, MERCOSUR, ASIAN, EC, CSI, EATC, ŞOR, BRICS etc.) and to substantiate scientifically reasoned proposals for improving the process of integration of the Republic of Moldova into international economic structures, increasing its competitiveness at the global level in the context of the country's integration into the European Union.

**Results.** International economic integration is determined by many other economic, technical and socio-political factors, including: geographical proximity of the countries concerned, the presence of common economic and political interests, convergence of levels of economic and social development. The process of economic integration is complex, it is accompanied by contradictions and disputes, modifying the relationship of interests between resident economic agents, their prospects; raises the question of abandoning the attributes of independence of member countries; implies unequal benefits and costs for the participating countries.

**Specialization and cooperation – stages of international integration.** International economic specialization is one of the prerequisites and pillars for the formation and development of the world economy. It represents international economic relations, the world economic chain and the world market. As a result of many centuries of evolution, the world system of international division of labor now includes various types of international specialization:

*intersectoral specialization; intersectoral specialization; intra-branch specialization; organological specialization; technological specialization.* Each of these types is made in different shapes and designs from one country to another. Although they nevertheless coexist, the historical stages of the evolution of the international division of labor replace each other.

International cooperation of production is also a necessity dictated by the international division of labor. Each country develops its own concept of economic growth that corresponds to the specific conditions of this country. **Economic cooperation means cooperation** in a variety of forms, between two or more countries, to achieve certain goals in different economies. These include: *international trade; industrial cooperation (in the form of joint ventures, TNCs, etc.); international investment; scientific and technical cooperation; energy; tourism; external financial relations and credit; migration of labor resources; international transportation; services, etc.*, carried out at the level of the national economy or at the level of economic units, regardless of the form of ownership.

International cooperation and integration into the world economy by promoting the strengthening of international economic ties are intensive ways of development, enabling local companies to gain access to advanced technologies as a necessary element of increasing competitiveness at the global level [14, p. 235].

**Trends and prospects for the development of the world economy.** Countries in the world economy are compared in several directions, the most important of which is their participation in the creation of the world gross product, their share in the world market of goods and services, the world capital market, the level of gross domestic product per capita, etc. The participation of countries in the creation of the world gross product characterizes their economic power and shows their share in world GDP. *The indicator of economic power* is determined on the basis of the absolute volume of gross domestic product (GDP), gross national product (GNP), GDP (PPP) by purchasing power in billions of dollars, GDP per capita, etc.

It should be noted that in 2023, **nominal GDP harmonized with purchasing power parity (PPP) per capita**, according to IMF estimates worldwide, amounted to about **\$174.5 trillion**. The **top 10 countries** in terms of this indicator in 2023 included: China (more than **33.0** trillion US dollars); the United States (about **26.9** trillion); India (**13.0** trillion); Japan (about **6.5** trillion); *Germany* (**5.5** trillion); *Russia* (**4.99** trillion); *Indonesia* (**4.4** trillion); *Brazil* (**4.0** trillion); *France* (about **\$3.9** trillion) and *the United Kingdom* (**\$3.85** trillion). In addition to them, the top ten countries in terms of economic power, taking into account PPP, are followed by: *Turkey* (about **3.6** trillion USD); *Italy* (**3.2** trillion); *Mexico* (**3.1** trillion); *South Korea* (more than **2.9** trillion); *Canada* (about **2.4** trillion

**Table 1 – Top 10 economies in the world by GDP in 2023, according to IMF estimates**

Country	GDP (nominal), billion dollars	GDP (PPP) nominal), billion dollars	GDP per capita, in dollars	Population, million people	Territory (km <sup>2</sup> ) / % of World	Export volume, billion dollars, 2022
Global	105.569	174471,3	770,148.3	8.000.000	148.940.000/=29,1 % from a dry surface Land	24.611,2
United States	26.855	26.854,6	80.034	334.378	9.629.091/6,5 %	2.063
China	19.374	33.115,0	13.721	1.411.750	9.596.961/6,4 %	3.593,6
Japan	4.410	6.456,5	35.385	124.630	377.930/0,25 %	752,1
Germany	4.309	5.545,7	51.383	83.784	357.114/0,24 %	1.658,4
India	3.737	13.033,4	2.601	1.425.776	3.287.263/2,3 %	452,7
United Kingdom	3.159	3.846,9	46.371	68.103	242.900/0,16 %	530,5
France	2.923	3.872,7	44.408	65.361	640.294/0,43 %	606,9
Italy	2.170	3.195,5	36.812	60.408,3	301336/0,20 %	700,3
Canada	2.090	2.385,1	52.722	39.609,7	9.984.670/6,7 %	598,6
Brazil	2.081	4.020,4	9.673	217.385	8.514.877/5,7 %	334,5
<b>More information</b>						
European Union	19.340	26.640	39.940	448.400	4.324.782/ cca 4,5 %	8.037
Netherlands	1.081	1.290,9	61.098	17.157,8	37.354/0,03 %	770,3
Russia	2.063	4.988,8	14.403	146.424,7	17.124.424/ cca 13 %	580,1
Turkey	1.029	3.572,6	11.931	85751,9	783.562/0,53 %	254,2
Ukraine	148,7	444,2	4.654	43576,9	557.500/0,38 %	> 44,4
Romania	348,9	783,9	19.054	19.161,1	238.397/0,16 %	> 96,8
Moldova	15,8	42,0	6.342	2.681,7	33.846/0,02 %	> 4,3

Source: Developed by the author based on statistical sources [see: 13, p. 35]

US dollars), etc. (see Table 1) [11, p. 32]. At the same time, we note that services play an important role in production and serve the functioning of global value chains, thereby accelerating global economic development. [7, p. 20–21].

As a species, the economies of the world are radically different, each state conducts its own policy, having its own idea of the final result and ways to achieve it. It is noticeable that the economic development of the state depends not so much on the availability of certain resources in the country, but on really competent administrative management. which, without serious resources and even territory, is now one of the world leaders in economic development. It is noted that in the next ten years, China will be ahead of the United States, and the competition between these powerful states will be a great test of strength for the whole world. It is worth noting that the development of national economies in recent years has been negatively affected by: the currency crisis of 2008, the pandemic (COVID-19), international terrorism, the energy crisis, military conflicts in different regions of the globe, including Russia's invasion of Ukraine, etc.

And yet, which countries are the richest in the world? Most people think that the answer to this question should be either the United States or China. It is true that both China and the United States of America are very prosperous, but unfortunately, they are not necessarily the richest countries in the world. Table 2 presents the ranking of the 10 richest countries in the world at the end of 2023.

**Global problems of our time** [see: 13, p. 42–46]. Global problems are defined as serious problems that affect all or most of the planet. They do not respect national borders and require international cooperation to solve them. These issues cover a wide range of areas, from the environment to the economy, occupational health and safety. Some notorious examples of global problems include climate change, poverty and inequality, international security and pandemics. **The main global problems** include the following: environmental problem; demographic problem; problem of peace and disarmament; food problem; problem of energy and raw materials; problem of human health; problem of ocean use; problem of space exploration. Each of the global issues has a Defined content. But they

are all closely related to each other. Recently, the center of gravity of global problems has shifted to the countries of the developing world.

**External debts** are also one of the main problems facing most countries, and it has become terrifying. The global economic crisis of 2020, caused by the pandemic, is largely to blame for the growth of public debts of states around the world. Even the most developed and richest countries have huge external debts. For example, the United States of America registered the highest external debt in the world (over 32.9 trillion dollars), compared to GDP, it is 122 %, Canada – 127 %, Great Britain – 287 %, Japan – 98 %, Italy – 143 %, Switzerland – 285 %, the Netherlands – 382 %, Hong Kong – 504 %, Greece – 323 %, Monaco – 240 %, Malita – about 700 %, etc. Romania's external debt is 45 %, Ukraine's – 81 %. China has practically no external debts (13.5 %), as well as Russia (13.7 %) as a percentage of GDP [13, p. 46].

The historical period in which we live, under the influence of phenomena such as globalization or regionalization, new means of communication, changes in political and social within states, mutations or transformations in international organizations, etc., will also lead to changes in the world economy. Against the background of increasing economic interdependence between countries, accelerating exchanges between them, we will witness the process of accentuating globalization [10, pp. 11–12]. At the same time, in connection with the scientific and technological revolution, against the background of the acceleration of the speed of world economic circulation simultaneously with changes in traditional geographical trade flows, new types and models of the world division of labor are generated. At the same time, it is noted that the traditional power relations in the world economy (the United States against the USSR) today are opposed by other power relations, which include the United States, the EU, China, India, etc. [10, p. 14].

The world is going through difficult times, as the world becomes more globalized and disintegrated as multipolarity grows, the situation will become more and more confusing. In this context, governments should promote evidence-based economic policies. World experience gives us many examples, including that sustainable economic development can be ensured as a result of promoting economic policies

**Table 2 – Ranking of the 10 richest countries in the world by 2023.**

Place	Country	GDP (trans.), \$ per person	Place	Country	GDP (trans.), \$ per person
10	Australia	63.490 \$	5	Singapore	87.880 \$
9	Denmark	71.400 \$	4	Norway	99.270 \$
8	Iceland	68.840 \$	3	Switzerland	102.870 \$
7	S U A	69.380 \$	2	Ireland	112.250 \$
6	Qatar	81.970 \$	1	Luxembourg	135.610 \$

Source: <https://financer.com/ro/blog/cele-mai-bogate-tari-din-lume/> [13, p. 42].

based on scientific decision-making. Many examples could be cited, but we will turn to the experience of Japan. Japanese economic planning is based on a market economy, in which the main principle is the pricing mechanism, hence the great differences between them and the economic plans of totalitarian planned economies [11, p. 80]. The example of Japan in the field of economic development planning should be applied in most countries.

**Deepening the process of integration between states.** In recent decades, the deepening of the process of economic integration between states has played a special role in the development of the world economy. In his opinion I. Ignat and S. Pralea, from an economic point of view, integration is a process by which two or more previously separate national markets of unit size, estimated as insufficient, are combined into a single market of more efficient sizes [8, p. 223]. Depending on the specifics of economic relations between the participating countries and the degree of interpenetration of their economies, various **forms of economic integration can be distinguished**, which also represent the stages of the process of economic integration in its evolution [13, p. 50–52]: free trade zones; customs unions; common market; economic and monetary union; total economic integration; political and social integration. (Example, EU). Economic integration between states; as a rule, it is regional in nature.

At present, there are more than 20 integration international economic associations in the world, which include the main regions and continents of the globe. Let us briefly dwell on some aspects of the activities of some integration groups of countries.

For example, the international organization **North American Free Trade Agreement (NAFTA)**, created in 1991 by the United States, Canada and Mexico. It covers a market of 375 million consumers and an area of 21.3 million km<sup>2</sup>, with the prospect of expanding to the south of the American continent. NAFTA is a model of intergovernmental cooperation without supranational bodies.

In the Americas, other groups of countries are active, such as: the **Community of Latin American and Caribbean States** (Spanish: Comunidad de Estados Latino-americanos y Caribous, CELAC), which is a regional bloc formed by the states of Latin America and the Caribbean, created on February 23, 2010. It consists of 33 sovereign states representing about 600 million people. The United States and Canada are not part of the bloc.

In South America, there is an international organization **MERCOSUR**, founded in 1991 by Argentina, Brazil, Uruguay, Paraguay and Venezuela. Bolivia, Chile, Colombia, Ecuador and Peru have the status of associate members. The general goals of the organization are: *to increase the efficiency of the economies of countries by opening markets; to improve*

*the prospects for a more rational use of available resources; to preserve the environment; to improve communications; to coordinate policies and to complementize different sectors.*

Cooperation between countries with access to the Pacific Ocean is actively developing. **The Asia-Pacific Economic Cooperation (APEC)** is a forum of a group of 21 countries representing about 60 % of the global economy. *APEC member countries are:* Australia, Brunei Darussalam, Canada, Chile, Hong Kong, China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russian Federation, Singapore, China, Taipei, Thailand, United States of America, Viet Nam.

In Central Asia, there is a group of countries of the **Shanghai Cooperation Organization (SCO)** as an international organization established on June 15, 2001 by the leaders of China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan, which were then joined by India and Pakistan (in the United States in 2017), Iran (in 2022) and Belarus (in 2024). The total territory of the SCO countries is more than 35 million km<sup>2</sup>, i. e. 65 % of the territory of Eurasia, and the total population of these countries is about 3.5 billion people, half of the world's population.

In Africa, **there is the African Economic Community**, which is composed of all African countries and consists of regional blocs: the Community of West African States, the East African Community, the Community of Central African States, the Southern African Development Community; an economic bloc covering the Horn of Africa; the Community of Saharan States; the bloc of countries of Eastern and Southern Africa, etc.

A special role in the development of the world economy and international economic relations is played by the group of industrialized countries (**G7**) and the group of developing countries (**G20**) [13, p. 57–59].

**The Group of Seven (G7)** is an international forum of governments of economically, technologically and militarily developed states: Germany, Italy, Canada, the United Kingdom of Great Britain and Northern Ireland, the United States of America, France and Japan. Together, although they make up about 10 % of the world's population, they account for between 35 and 40 percent of the world's gross domestic product. They also account for about 40 % of global military spending, and four out of seven, namely France, the United Kingdom and the United States of America, possess 45 % of the world's nuclear weapons. The G7 promotes particularly effective activities, playing a special role in the development of the world economy and international economic relations. Between 1997 and 2014, the G7 was known as the "Group of Eight" (G8), consisting of the G7 countries plus Russia. On March 2, 2014, due to Russia's

involvement in the conflict in Ukraine, participants from seven countries, as well as representatives of the European Union, excluded Russia from this group until it changed course.

**The Group of 20 countries (G20 or G20+)** is a bloc of developing countries founded on August 20, 2003. The group was formed at the Fifth Ministerial Conference of the World Trade Organization, held in Cancún, Mexico, from September 10 to 14 2003. The G-20 covers 60 % of the world's population, 70 % of farmers, and 26 % of global agricultural exports. Currently, the group includes 23 countries: Argentina, Bolivia, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela, Zimbabwe.

**The grouping of countries is BRIC and BRICS** [13, pp. 59–64], the developing countries of Brazil, Russia, India and China, which are identified as rising economic powers. Since June 2006, South Africa has been included in this organization, translated as “**BRIC**”. The following countries have been invited to join this organization from January 1, 2024: **Egypt, Iran, the United Arab Emirates, Saudi Arabia and Ethiopia**, then the number of members may increase. BRICS members have been repeatedly named the fastest growing large economies. Foreign trade between member countries and with other developed countries is developing at a high rate (see Figure 1).

**The Commonwealth of Independent States (CIS)** [13, pp. 63–64] was established in December 1991 consisting of: the Republic of Azerbaijan, the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Moldova, the Russian Federation, the Republic of Tajikistan, Turkmenistan, the Republic of Uzbekistan and Ukraine. In the early years, activities in the CIS were carried out more normally, but after the intervention of the Russian Federation in Georgia in 2008 and the creation of the autonomous republics of Abkhazia and South Ossetia; the annexation of Crimea in 2014, the creation of the autonomous republics of Donbas and Luhansk and their admission to the Russian Federation, the beginning of the war

with Ukraine and other negative moments, the activities of various CIS structures, mainly replaced by *the Eurasian Customs Union*, were practically blocked.

**The Eurasian Customs Union (EAEU)** [13, p. 64–66], or the Russia-Belarus-Kazakhstan Customs Union, or simply the Customs Union, is a form of economic integration that defines a single customs space, within which customs duties on mutual trade have been abolished and a single system of import taxation has been introduced.

**Institutional foundations of international integration.** International economic integration is achieved through international institutions and organizations: financially, through the Bretton Woods institutions (**IMF, IBRD**, etc.); through the **GATT/WTO**. At the same time, we are witnessing the emergence of economic integration structures with different objectives, especially at the regional level. which play a particularly important role in the development of international economic integration processes [13, p. 66–81].

For example, the main objectives of the International Monetary Fund (IMF) are: *to promote international monetary cooperation; to promote the development and balanced growth of international trade; to create a multilateral payment system among the member countries*. At the end of 2023, it has 190 member countries.

The World Bank, **which is** an institution consisting of five other international financial institutions, also plays a special role in the development of the process of international economic integration: the *International Bank for Reconstruction and Development (IBRD)*; the *International Finance Corporation (IFC)*; the *International Development Association (IDA)*; the *Multilateral Investment Guarantee Agency (MIGA)*; and the *International Center for Settlement of Investment Disputes (ICSID)*. Each institution has a role to play in combating poverty and improving the living conditions of the population of developing countries. At present, it has 190 member countries, including the Republic of Moldova (as of August 12, 1992). *The objectives of the IBRD are: to promote the economic development of member states by providing*

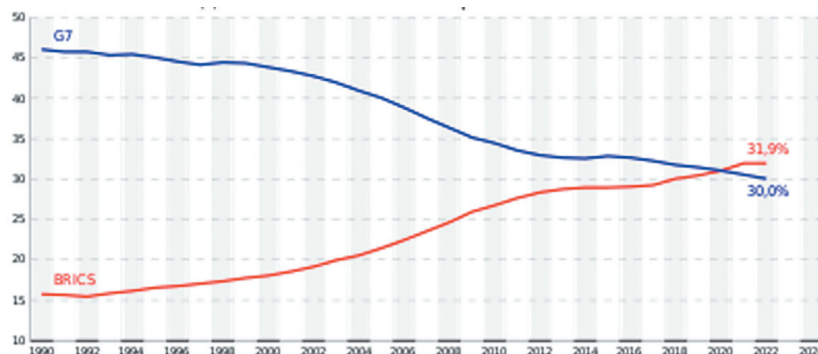


Figure 1 – The share of GDP of the G7 and BRICS countries in the world economy [13, p. 60]

*loans with lower interest rates for the implementation of economic and social development projects; to encourage foreign investment in the economies of member countries by providing guarantees.*

A particularly important role in the development of international economic relations is played by the **World Trade Organization (WTO)**, which oversees a large number of agreements that determine the “rules of trade” between member states. The WTO was established in 1995 as a successor to *the General Agreement on Tariffs and Trade (GATT)* and acts towards the reduction and elimination of international trade barriers, performing two main functions: as a negotiating forum for discussing new and existing trade rules, and as a dispute agreement body.

Many international organizations have had a positive impact on deepening the process of international economic integration, such as: the United Nations Industrial Development Organization (UNIDO); the Food and Agriculture Organization of the United Nations (FAO); (United Nations Development Programmed (UNDP); International Development Association (IDA); United States Agency for International Development (USAID); International Tourism Organization (ILO), The Organization for Economic Co-operation and Development (OECD), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and many other international organizations in selected areas of activity.

**The role of transnational corporations (TNCs) in the integration process.** Appearing at the end of the 19th century, over time, TNCs made themselves known, becoming, in the post-war period, a large-scale phenomenon occupying a leading position in the world economy [8, p. 207–208]. An important place in the process of internationalization is occupied by the opening of national economies for operations in world markets, the development of the exchange of goods and services through *transnational societies* [15], in particular, in attracting foreign direct investment, introducing advanced technologies, employment, business management, etc. At the same time, opinions differ on their activities – some approve, others believe that TNCs pose certain threats to social and economic well-being, fearing that these powerful firms may dominate and exploit them [13, p. 75–78].

The European Union is an advanced form of economic integration.

The European Union (EU) is a political and economic union of 27 member states, located mainly in Europe. It covers an area of 4,233,262 km<sup>2</sup> and has an estimated population of approximately 447 million. the internal market, the adoption of legislation in the field of justice and home affairs, as well as the maintenance of common policies in the field of trade, agriculture, fisheries and regional development.

Passport control has been abolished for travel within the Schengen area. The monetary union was established in 1999, entered into force in 2002 and consists of 19 EU member states using the euro. EU and European citizenship were established with the entry into force of the Maastricht Treaty in 1993.

The European Union has its origins in the European Coal and Steel Community (ECSC) and the European Economic Community (EEC), established in 1951 by the Treaty of Paris and in 1957 by the Treaty of Rome. The original members of the European Community were: *Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.* in 1973 they were joined by **Denmark, Ireland and the United Kingdom**; in 1981 by **Greece**; in 1986 by **Portugal and Spain**; in 1995 by **Austria, Sweden and Finland**; in 2004 by 10 countries: **Hungary, Poland, Czech Republic, Slovakia, Slovenia, Estonia, Lithuania, Cyprus, Malta**; in 2007 by **Romania and Bulgaria**; in 2013 by **Croatia**. In January 2020, **the United Kingdom** left the Union following a referendum in June 2016. Currently, the EU has 27 member countries. Many other countries have expressed their desire to join the European Union. The candidates are: **Turkey, Macedonia, Serbia, Albania, Ukraine and the Republic of Moldova**, etc.

**Accession criteria.** The following convergence criteria have been established for countries using the single currency, the euro, and for countries candidate for its implementation: the inflation rate should not exceed 1.5 % of the average recorded in the top 3 countries with the best indicators; the long-term interest rate should not exceed by more than 2 % the level of the first three with the lowest inflation; the budget deficit should not exceed 3 % of GDP; external debt should not exceed 60 % of GDP. For the countries that join the EU (such as Ukraine, the Republic of Moldova, etc.), the following conditions are established: the stability of democratic institutions and the rule of law, respect for human rights, including the rights of ethnic minorities; the existence and functioning of a market economy; the ability to cope with competitive pressures and market forces within the Union; the ability to assume the obligations imposed on the EU member; including commitment to the goals of the political, economic, monetary and legal union.

**The advantages of integration into the EU are:** free movement of persons (workers) who have the opportunity to work in any member state of the European Union; free movement of goods – export of goods to the EU countries without customs duties; free movement of capital; free movement of services; the ability for citizens to carry out financing projects in order to receive significant amounts from the EU to support business; the benefits of belonging to the great family of nations and security, that this membership provides; the opportunity to participate in the

largest single market in the world, with all the opportunities associated with economic growth and job creation; irreversible consolidation of economic and political reforms, etc.

The simple fact that, from 1957 to the present, only one country out of 28 that has joined this project has requested withdrawal from the Union, despite the restrictions imposed by the rules and standards of the Community, is of great importance in proving the longevity of this concept. If we analyse only the situation in Ireland, Greece, Spain and Portugal, where at the time of accession the average GDP per capita was approximately 50 % of the average at the Community level, we can easily see the huge economic leap that these countries have made since their accession to the Union. At the time of the accession of Romania and Bulgaria, the GDP of these countries was, respectively, 38 % and 35 % of the average GDP at the EU level. This prospect is encouraging for the countries of Central and Eastern Europe that have joined or are about to join the EU. But EU membership does not automatically mean integration into the Union. Integration is a much more complex and time-consuming process [3, p. 26].

It should be noted that **when promoting economic policy** in the EU, the observance of democratic principles in the activities of European institutions is strictly ensured. **The EU** has established itself as the most viable integration organization, the most beneficial form of integration, which has positive consequences for the economic and social development of the member states. In its work, the EU relies on special institutions: the *Council of the European Union*, the *European Parliament* (751 deputies), the *European Council of Ministers*, the *European Commission*, the *Court of Justice of the European*

*Communities (ECJ)*, the *Court of Auditors*, and the *European Central Bank* Figure 2 shows the organizational structure of the EU political system.

**The role of some economic and financial institutions of the EU.**

**EU budget.** Traditionally, budget revenues include: the share of import duties on goods imported into the EU (up to 25 %); VAT revenues (but not more than 50 % of the GNI of the member country); GNI revenues, which account for the largest part of the EU budget (about 75 %); Income from payroll tax of employees working in various EU entities. Money from the budget is directed to the formation of trust funds. Each member state participates in the formation of the EU budget with a share of about 1.3 % of gross national income (calculated in 2018 prices), with each country’s share of total EU budget revenues being different [13, p. 99].

It is worth mentioning that out of the total expenditure provided for in the EU budget for the period 2014–2020 in the amount of **1082 billion euros**, **32.5 %** was provided for the financing of cohesion policy (**351.8 billion euros**) and **67.5 %** for the financing of other policies: agriculture, research, foreign policy, etc. (**730.2 billion euros**). **The EU’s long-term budget for 2021–2027**, together with the Next Generation Recovery Instrument (NGEU), supports the recovery from the COVID-19 pandemic, and the EU’s long-term priorities in various areas provide funding of **€2.02 trillion** (at current prices) [13, p.100]. More than half of EU funding is provided through 5 European Structural and Investment Funds: *regional development, social, cohesion, agricultural, maritime shipping and fisheries*. During an economic and financial crisis or pandemic, special funds are created.

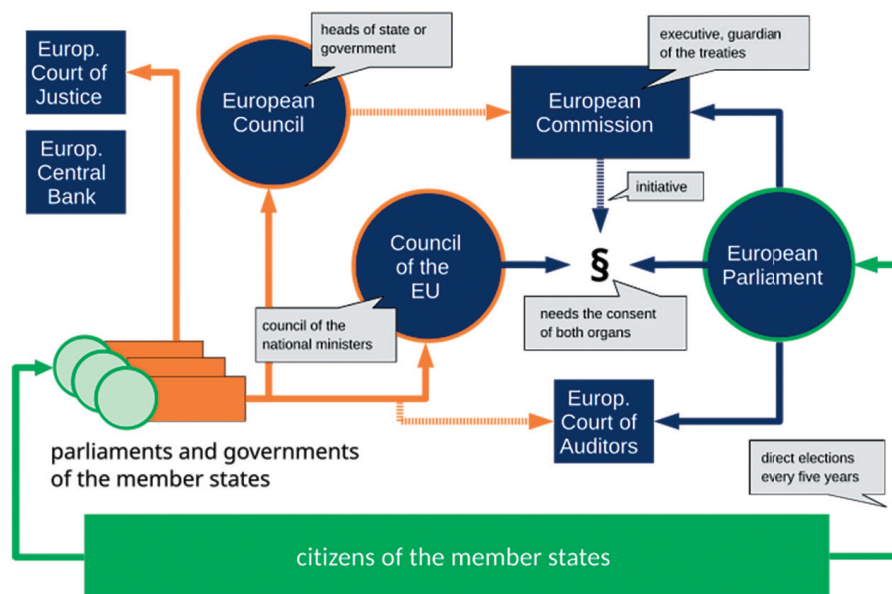


Figure 2 – Organizational structure of the political system with seven EU institutions (blue), national/intergovernmental elements (orange) [13, p. 89]



**The European Union** occupies a decisive place in the development of the world economy and international economic relations. Covering 7.3 % of the world's population, the European Union is the third largest economy in the world in nominal terms and in terms of purchasing power parity (PPP). For example, in 2024, the nominal GDP of the EU is estimated at 19.34 trillion US dollars [13, p. 139] according to the United Nations Development Programmed. The EU accounts for more than 14 % of global trade in goods and services. The EU, China, and the United States are the three most important global players in international trade. The EU has permanent diplomatic missions around the world and is represented in the United Nations, the WTO, the G7, and the G20. Because of its global influence, the EU is described as an emerging superpower.

The EU is making great efforts to overcome the economic crises caused by the COVID-19 pandemic and to create conditions conducive to the development of a more competitive economy with a higher level of employment. To this end, the EU, together with its member states, has developed and is implementing certain strategies. For example, in recent years, the **Europa–2020 Strategy** has been successfully implemented. more effective investment in education, research and innovation; sustainable, through a decisive transition to a low-carbon economy; and inclusive, with a focus on job creation and poverty reduction. An example is the **Sustainable Europe Strategy for Europa–2030** [13, p. 137], which is guided by the following **goals**: no poverty; good health and well-being; quality education; gender equality; clean water and sanitation; affordable and clean energy; decent work and economic growth; education, innovation and infrastructure; reducing inequalities; sustainable cities and human settlements; responsible consumption and production; climate policy; underwater life; earthly life; peace, justice, strong institutions; partnership to achieve goals.

**Cooperation of Moldova with the main international and regional economic and financial institutions.** Realizing the reality of the system of international economic relations, after the proclamation of independence, Moldova focused its efforts

on promoting an active foreign economic policy, including those aimed at supporting the process of reforming the economy from abroad in the conditions of market relations. Since 1992, the country has become a member of the most authoritative international financial and economic bodies (**IMF, WB, WTO, EBRD, EIB** etc.). This marked the beginning of the country's self-assertion in the international arena, allowed it to obtain favorable state loans and credits, etc. For example, **the World Bank** allocated more than **1.5 billion dollars** for more than 70 operations in Moldova during this period [13, p. 158–162]. It is worth noting that **the current program of the World Bank for the Republic of Moldova** includes **12 projects** with a total amount of commitments **650 million US dollars**.

The Republic of Moldova actively cooperates with **the World Trade Organization** [13, p. 163–173]. The country's accession to the WTO in 2000, along with the process of European integration, became a catalyst for economic transformations and reforms in the country with an orientation towards the outside world and a globally integrated economy. In recent decades, the geographical orientation of the country's foreign trade has changed significantly, becoming mainly oriented towards the EU. At the same time, an alarming situation is observed in the country's foreign trade. exceeds the volume of exports of goods and services (see: Table 2).

Moldova actively cooperates with many European and regional economic and financial structures (the European Bank for Reconstruction and Development (**EBRD**), the European Investment Bank (**EIB**)). It should be noted that in the post-accession period, 173 projects have been implemented in the country so far, with a total EBRD investment of €2,387 million, a portfolio share in the private sector (23 %), and a current project portfolio of €1,298 million. [13, p.175]. Currently, **10 EIB** projects with a budget of more than €423 million are being implemented in the country. EIB Global will invest €41.2 million in the rehabilitation of the railway infrastructure in the Republic of Moldova.

Since the start of its operations in Moldova in 2007, the EIB has allocated **more than €1.19 billion**

**Table 2 – Moldova's foreign trade over the past years**

Year	EXPORT (million \$)	EU	SNG	Other countries	IMPORT (mil. \$)	EU	SNG	Other countries
2000	▲ 471.5	35,05 %	<b>58,56 %</b>	6,39 %	▲ 776.4	<b>53,22 %</b>	33,46 %	13,32 %
2010	▲ 1.541.5	<b>47,29 %</b>	40,48 %	12,23 %	▲ 3.855.3	<b>44,20 %</b>	32,60 %	23,20 %
2015	▼ 1.966.8	<b>61,90 %</b>	25,03 %	13,07 %	▲ 3.986.8	<b>49,01 %</b>	25,53 %	25,46 %
2020	▲ 1.636.5	<b>67,0 %</b>	15,0 %	18,0 %	▲ 5.418.8	<b>45,3 %</b>	24,1 %	30,6 %
2021	▲ 3.144.5	<b>61,0 %</b>	14,8 %	24,2 %	▲ 7.176.8	<b>43,9 %</b>	29,6 %	26,5 %
2022	▲ 4.332.1	<b>58,6 %</b>	24,0 %	17,4 %	▲ 9.219.0	<b>47,3 %</b>	23,7 %	29,0 %
2023	▲ 4.048.6	<b>65,4 %</b>	22,2 %	12,4 %	▲ 8.673.7	<b>48,3 %</b>	18,6 %	33,1 %

*Source: Based on data from the National Bureau of Statistics of Moldova.*

to **33 projects**, supporting EU policy objectives in several sectors, such as transport, energy, small and medium-sized enterprises, agriculture and municipal infrastructure. 2022 was a record year for the EIB in Moldova, providing **€250 million** to euros in the form of new loans signed with the public sector. In 2023, the Bank provided its first corporate loan in Moldova under a project worth EUR 30 million, together with Premier Energy Distribution, the leading private electricity distribution operator in Moldova, with the aim of improving the quality and reliability of the electricity grid [13, p. 176–179].

In the Republic of Moldova, a number of projects are also being implemented with the financial support of other international and regional economic and financial organizations, such as: the United Nations Development Programme (**UNDP**), with which it works in almost 179 countries and territories; **The Food and Agriculture Organization of the United Nations (FAO) was also a beneficiary**, which in recent years has provided support and assistance to Moldova through 15 projects worth about **2 million dollars** and in 5 other regional projects. These are the areas of food safety, plant and animal health, drought protection, new policies and competencies for farmers and authorities, encouraging new irrigation technologies, etc.; **USAID** (United States Agency for International Development), which contributes to strengthening the Republic of Moldova as a competitive and democratic European country.

**R. Moldova in Regional and Cross-Border Cooperation.** In the foreign policy of the Republic of Moldova, regional cooperation is an additional dimension of the European integration agenda and a line of a set of mechanisms, relations and interactions within international organizations and regional initiatives. Regional cooperation is an integral part of the country's multilateral economic diplomacy and is manifested in the development of relations in the field of politics, security and trade and economic relations within the organizations and initiatives in the country. Central and South-Eastern Europe, the Danube and the wider Black Sea region. The Republic of Moldova, being at the crossroads of several regional structures, in recent years has been actively participating in a number of international organizations and initiatives – the Council of Europe, the United Nations Economic Commission for Europe, the Eastern Partnership with the European Union, the Organization of the Black Sea Economic Cooperation, GUAM, regional cooperation with the countries of South-Eastern Europe, cross-border cooperation and others [2, p. 13 %35; 13, p. 18 %99].

**The Republic of Moldova is a candidate for EU membership.** European integration is not only a fundamental objective of the domestic and foreign policy of the Government of the Republic of Moldova, it has a strong potential to contribute to the political and

social cohesion of society. With the implementation of the Association Agreement, the liberalization of the visa regime and the gradual integration into the EU internal market, the Republic of Moldova is actually integrated into the European political and economic space. modernization and development of the Republic of Moldova, which entails European integration.

In recent years, there have been a number of important activities in support of the European path. On May 21, 2023, the Grand National Assembly was held in Chisinau with the participation of many tens of thousands of people, which was also attended by the President of the European Parliament, which adopted a decision on the European integration of the Republic of Moldova – “European Moldova” [13, p. 202]. On June 1, 2023, Moldova hosted the Summit of the European Political Community, with the participation of about 50 leaders from Europe, where several topics related to the security of European countries, cooperation and energy issues were discussed. This Summit had a positive impact in the context of Moldova's accession to the European Union. In recent years, the leaders of the European Union have also visited Moldova.

In 2014, the republic, together with all EU member states, signed the Association Agreement, on June 23, 2022, the European Council granted the Republic of Moldova the status of candidate country, and on December 15, 2023, the EU decided to start accession negotiations with the Republic of Moldova and Ukraine to successfully conduct these negotiations, to ensure the implementation of the tasks set by the European Union and to contribute to the implementation of the necessary reforms in our country.

**Conclusions.** International economic integration is a special form in international economic relations. The process of international economic integration can be considered as a qualitatively superior method of economic cooperation between countries, a response to the complex and diverse problems faced by the states of the world in the context of deepening international economic cooperation and which require adequate solutions to economic cooperation. This process is carried out in different forms and stages of development: a system of customs preferences, free trade zones, and customs Unions; common markets; economic and monetary unions; full economic, political and social integration. But in order to achieve this goal, it is necessary to carry out a series of measures to adjust national structures in order to reach the space that is declared integrated with minimal social costs. This usually requires a transition period, more or less long, in order to make the necessary adjustments between the partner countries.

At the moment, there are more than 20 international integration economic associations in the world, covering the main regions and continents

of the globe. Some of these entities cover dozens of countries. A special role in the development of the process of international economic integration is played by the economic and financial bodies of the UN, such as the IMF, IBRD, WTO, UNDP, FAO, CTN, etc., as well as transnational corporations, various other organizations: USAID, AID, UNIDO, EBRD, EIB and others.

The Republic of Moldova, by its geographical location, natural conditions and, especially, by its economic relations, as well as traditions, the model of civilization and spirituality, belongs to the European space, to which the rapprochement with the European Union naturally gradually comes. In 2014, Moldova,

together with all EU member states, signed the Association Agreement, on June 23, 2022, the European Council granted the country the status of candidate country, On December 15, 2023, the EU decided to start accession negotiations with the Republic of Moldova and Ukraine. In June 2024, the country's accession negotiations with the European Union were launched. The main task is to successfully conduct these negotiations, to ensure the implementation of the tasks set by the EU to promote the necessary reforms in our country. First of all, integration into the EU has the main goal of economic development and growth, improving the standard of living of the population.

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