

DOI: <https://doi.org/10.5281/zenodo.11500886>

EXTERNAL FACTORS OF ECONOMIC DEVELOPMENT OF THE EUROPEAN UNION

Akbarova Mohinur Farxod qizi

3-rd year student of Tashkent State

University of Economics,

Faculty of «Business Administration»

E-mail: mohinurakbarova10@gmail.com

***Abstract.** The economic development of the European Union is influenced by a myriad of external factors that play a crucial role in shaping its growth trajectory. These external factors include global economic trends, political stability, international trade agreements, technological advancements, and environmental sustainability, among others. Understanding how these external factors impact the EU's economic development is essential for policymakers, economists, and stakeholders to formulate effective strategies and policies that promote sustainable growth and prosperity. This research aims to analyze the interplay between external factors and the EU's economic development, shedding light on the importance of international cooperation, innovation, and regulatory frameworks in fostering economic resilience and competitiveness in an increasingly interconnected and dynamic global economy. By examining the complex relationships between external factors and economic development, this study seeks to provide valuable insights into the challenges and opportunities facing the EU in the 21st century.*

***Key words:** European Union, economic growth, external factors, European Strategy, trade relations and agreements.*

The European Union's economic development is intricately linked to the broader landscape of geoeconomics and geopolitics, shaping its competitive positioning on the global stage. As a significant power pole in a multipolar world, the EU's actions carry weight in influencing global power dynamics (Corneliu-George Iacob, 2023). Recent initiatives, such as the launch of the European Strategy for Economic Security, exemplify the EU's proactive stance in responding to global instability and strategic repositioning for the future. Examining the determinants of the EU's economic environment and its competitive resilience is essential to understand its evolving role in international relations. Furthermore, considering the geopolitical context, especially

in relation to neighboring regions like Ukraine, offers insights into the external factors influencing the EU's economic trajectory (A. Kuzyshyn, 2022). By analyzing these multifaceted determinants, a comprehensive understanding of the background of the EU's economic development emerges, shedding light on its strategic imperatives and challenges in the contemporary global order.

In examining the external factors that influence the economic development of the European Union, it is crucial to consider the intricate relationship between entrepreneurial activities, business risks, and eco-innovations. Business risks, as elucidated in (M. Shkurat et al., 2023), play a significant role in shaping the outcomes of entrepreneurial endeavors within the EU. Through qualitative and quantitative analyses, it is possible to identify, predict, and mitigate potential risks, thereby enhancing the resilience of businesses. Moreover, the study outlined in (Agyemang Rama et al., 2023) underscores the importance of eco-innovations in driving sustainable economic growth. Understanding the motivations and obstacles faced by entrepreneurs in the informal sector is paramount for fostering a culture of eco-innovation within the EU. By exploring how internal and external environmental variables influence management discretion and innovation strategies, policymakers can better support and incentivize sustainable business practices that contribute to the region's overall economic development.

As the European Union navigates its economic development, it must closely monitor global economic trends that have the potential to impact its growth trajectory. One key trend to observe is the shift of economic power from developed Western countries to emerging economies in Asia, particularly China and India. This redistribution of economic influence has implications for trade relationships, investment flows, and market dynamics within the EU. Furthermore, the ongoing digitization of the global economy presents both opportunities and challenges for the European Union. Digital technologies have the power to drive innovation and efficiency, but also raise concerns about data privacy, cybersecurity, and job displacement. To effectively position itself in the midst of these global economic trends, the EU must adopt agile policies, foster technological advancement, and strengthen its trade partnerships to remain competitive in the ever-evolving global market. (Roberta Capello et al., 2012-01-01)

Additionally, trade relations and agreements play a pivotal role in shaping the economic development of the European Union. The EU's extensive network of trade agreements not only fosters economic growth but also encourages market openness and competitiveness. By engaging in trade with various countries, the EU can access new markets for its goods and services, ultimately boosting its export potential and GDP. Furthermore, trade agreements can lead to the harmonization of regulations and

standards, facilitating smoother cross-border trade . However, it is essential to consider the potential challenges that may arise from trade relations, such as increased competition or trade disputes. Therefore, a careful balance must be struck between fostering trade relationships and protecting domestic industries (Stephen Woolcock, 2016-07-22). Overall, trade relations and agreements are indispensable factors in driving the European Union's economic development.

The European Union (EU) is actively engaged in negotiating bilateral and multilateral trade agreements with various countries and regions around the world. These agreements play a crucial role in shaping the EU's economic development by facilitating trade, promoting investment, and opening up new markets for European exporters. Bilateral trade agreements are negotiated between two parties, usually focusing on reducing tariffs and other trade barriers to increase market access. On the other hand, multilateral trade agreements involve multiple parties and aim to create a level playing field for all participants by establishing common rules and standards. Both types of agreements have their own advantages and challenges, influencing the EU's economic position on the global stage. For instance, the EU's agreement with Mercosur has the potential to boost trade between the two regions significantly . However, the complexity of negotiating with multiple parties in multilateral agreements can sometimes lead to delays and difficulties in reaching consensus (Benedikt Weingärtner, 2017-06-26).

The analysis of external factors impacting the economic development of the European Union reveals crucial insights. The assessment of business risks, as outlined in (M. Shkurat et al., 2023), underscores the importance of understanding and managing uncertainties to mitigate potential negative consequences on entrepreneurial activities. By conducting both qualitative and quantitative analyses of business risks, organizations can identify, assess, and address these challenges effectively. Moreover, the study utilizing secondary data to evaluate the economic performance of EU countries, as discussed in (Shkumbin Misini et al., 2023), highlights the significant impact of exogenous shocks such as the COVID-19 pandemic and the Russian invasion of Ukraine. These external events have detrimentally affected the economic performance of EU nations, with specific sectors and countries experiencing distinct vulnerabilities. The findings from these analyses emphasize the necessity for robust risk management strategies and policy responses to safeguard the economic stability and growth of the European Union in the face of unpredictable external factors.

On the global stage, external factors play a crucial role in shaping the economic development of the European Union. One key factor is the ongoing trade tensions between the EU and its major trading partners, such as the United States and China. These tensions have the potential to disrupt trade flows, increase tariffs, and create

uncertainty for businesses operating within the EU. Additionally, geopolitical events, such as Brexit and the Ukraine-Russia conflict, have further complicated the economic landscape for the EU. These events have the potential to impact the EU's access to markets, resources, and investment opportunities, leading to shifts in economic growth and development within the region. As such, it is imperative for policymakers and stakeholders within the EU to closely monitor these external factors and their potential impact on the economic trajectory of the European Union.

REFERENCES:

1. M. Shkurat, Diana Hlushko, Maksym Tiahun (2023), "Ireland and Slovenia in the European Union: comparison of economic development"
2. Agyemang Rama, Shuangying Chen, Konan Martin (2023), "Psychological Factors Influencing Entrepreneur's Hometown Identity in Relation to Eco-Innovation"
3. M. Shkurat, Diana Hlushko, Maksym Tiahun (2023), "Ireland and Slovenia in the European Union: comparison of economic development"
4. Shkumbin Misini, Gëzim Tosuni (2023), "An analysis of the impact of external shocks on the economic performance index of the European Union countries: The case of the Russian invasion of Ukraine"
5. Corneliu-George Iacob (2023), "Analysis of the competitiveness of the European Union in the current global geopolitical and geoeconomic context"
6. A. Kuzyshyn (2022), "MODERN DETERMINANTS OF UKRAINIAN GEOPOLITICAL SPACE: NATIONAL AND EUROPEAN ASPECTS"
7. Roberta Capello, Tomaz Ponce Dentinho (2012-01-01), "Globalization Trends and Regional Development", Edward Elgar Publishing
8. Stephen Woolcock (2016-07-22), "European Union Economic Diplomacy", Routledge
9. Benedikt Weingärtner (2017-06-26), "The EU's trade strategy shift from multilateralism to bilateralism. A case study on TTIP", GRIN Verlag