TO DEFINE THE ESSENCE OF SHADOW ECONOMIC PROCESSES

**Problem setting.** The relevance of studying problems of the shadow economy is caused by the fact that it is a priority direction for state regulation of the economy, an integral part of domestic policy aimed at promoting welfare and comprehensive development of its citizens and society on the whole.

**Recent research and publications analysis.** Problems in the shadow economy at global and national levels are in the focus of attention of both national and foreign scholars.

**Paper objective.** The views of home and foreign scholars on the nature and factors of the shadow economy development are analyzed. The objective of the article is to generalize approaches to shadow economy development under the EU integration conditions of national policy reform.

**Paper main body.** With the existence of informal economic activity, a new economic system becomes effective, in which a set of criminalized socio-economic relations is reproduced, which, in turn, cannot be subject to control by the State and society. This has a significant impact on all aspects of economic activity, political and public life of the country. New trends in the development of shadow economic activities are emerging and spreading; forms of manifestation of the shadow economy in the real life, its causes and ways of countering this negative phenomenon are defined.

Established that a high level of shadowing objectively leads to the destruction of the economic management levers, causing a further stratification of the population. Progressive experience of European countries on possible ways of preventing economy from shadowing activity and the specificity of adaptation to the realities of today’s economic relations were generalized. The article deals with approaches to the definition of the term “informal economy”, which allows make detailed determination of its nature and economic sense, and contribute to the
formation of conditions for identifying and implementing practical ways to minimize the negative effects of informal economic system.

**Conclusions of the research.** This publication proved that overcoming the shadow economy of our country will provide a real opportunity for a considerable increase in its competitiveness, including the increasing the confidence of both European and international economic community.

Given the ambiguous role of the shadow economy in the process of socio-economic development, the main goal of the state policy on the shadow economy should be to ensure its minimization depending on the level of socio-economic development of Ukraine.