

POST CRISIS DYNAMICS OF FOREIGN ECONOMIC ACTIVITY OF UKRAINE'S REGIONS IN 2009 — 2011

Development of the units within individual regions interconnected with the development of the central formation of agglomerative (regional center). Economy suburban areas economic developed sintering centers, has a higher degree of adoptability to the negative impact of external (including international) competitive environment than the economy of areas which are concentrated around economic underdeveloped central agglomerations. This forms the idea of territorial integrity and interdependence of separate territorial entities that are focused around a regional administrative center in economic and sectoral sense, because the economy of certain regions in the historical context has always specialized in the development of specific sectors within the country, resulting from international specialization as a territorial region and country.

This allows us to consider the process of Ukraine's participation in foreign economic activities, especially in post-crisis conditions, increase its international competitiveness through research of the local competitiveness of some regional entities that form in the final dimension of the overall competitiveness of Ukraine in the world economy through the operation of regional economic complexes, and influence through its internal — and external economic activity on the formation of international competitive rating of the whole state.

Historically, the first and dominant in the long period of time by the volume of transactions, the form of international cooperation was the international trade in goods and services. In terms of individual state and its regions, such trade is implemented as exports and imports of goods and services.

Only four regions of Ukraine (Kyiv, Kyiv Oblast, Donetsk Oblast, Dnipropetrovsk Oblast) because of its international activity forming 60% of the total trade turnover between Ukraine and goods in 2008-2010 and 55% in Q1 2011, while the share of 13 territorial regions of Ukraine (Crimea, Vinnytsia, Volyn, Dnipropetrovsk, Kirovohrad, Rivne, Sumy, Ternopil, Kherson, Khmelnytsky, Cherkasy, Chernivtsi, Chernihiv Oblasts) varies within 0,4 — 1,8% of the resulting rate of turnover of goods. A portion of the Transcarpathian, Zaporizhzhya, Ivano-Frankivsk, Kharkiv, Luhansk, Lviv, Mykolayiv, Odesa, Poltava Oblast s are within 2.9% [1].

Thus there is considerable inter-regional gap in the contribution of regions of Ukraine in the overall result of the turnover of goods. Clearly traced leading regions, and

the outsider, who unfortunately are the majority. In addition, the total percentages of regional leaders is gradually increasing, even in a crisis that reduces the possibility of the outsider to increase its own regional competitiveness in both domestic market and external market. However, under regional leaders observed the reduction of competitive opportunities of the Donetsk and Dnipropetrovsk Oblasts and increase the share of Kyiv.

Ukraine's accession to the WTO has strengthened the competitive position of Ukrainian commodity producers on foreign markets, especially EU and USA markets expanded opportunities to deepen existing expertise, especially in metallurgy and chemical industry and the global economic crisis has accelerated this process [2].

On the other hand by becoming a member of WTO, Ukraine has reduced rates of duties and quotas abolished the vast majority of goods that previously protected domestic producers from foreign competitors. Regions of Ukraine experienced a significant increase in imports, especially automobiles and agricultural products, increase in imports many researchers associated with the deficit of products in internal market of this group — meat and poultry, sugar, due to unprofitable domestic production [3, p. 2].

It is expected that all regions of Ukraine will exceed exports of goods in 2011 compared with 2010, although in some regions there is threatening growth dynamics at a faster rate of imports than exports, for example, Crimea, Sevastopol, Dnepropetrovsk, Zhitomir, Odessa Oblasts.

Also, the study of the export activity of certain regions of Ukraine should determine their place in the global commodity market, identifying which groups of products, the largest share of exports in the region. Conventionally, all regions of Ukraine divides into 3 groups: the first — with diversified structure of exports of goods (ie the largest share of any group of goods does not exceed 30% of total exports) — Ivano-Frankivsk, Sevastopol, Vinnitsa, Zhitomir, Kherson and other Oblasts, the second — the average degree of diversification, the proportion is within 30-60% — Odessa, Kirovograd, Kharkov region, Kyiv and the third group — almost mono-branch export specialization of the region (share of 60%), which included only three regions: Dnepropetrovsk, Zaporozhye and Donetsk. At last, the share of exports of base metals and products account for 72.1% of total exports.

The situation observed in 2010 with export specialization of regions intangible improved compared

to 2009, where the observed phenomenon: the development of industrial regions of Ukraine are mainly exporting products with a low degree of processing — mainly ferrous metals and articles thereof, at the same time export of agricultural regions dominated by machinery and equipment. This situation can be explained as follows: since exports seen only for the territory of Ukraine in general, it is not considered domestic trade between the regions of Ukraine and therefore should be considered external and internal (within country) the specialization of the region separately.

The largest exporters of services among regions of Ukraine are Kyiv (19.7% of total exports of services), Odessa region (10.9%) and Donetsk (5.3%), and importers of Kyiv (28.5% of total imports of services), Dnipropetrovsk (9.6%) and Donetsk (7.6%). It should also be noted that the vast majority of regions of Ukraine will exceed the volume of services exports in 2010 compared with 2009, although some regions are characterized by faster growth in imports than exports of services, such as the Crimea, Sevastopol, Donetsk, Dnipropetrovsk, Zaporizhzhya, Odessa, Poltava region, etc. Such trends are alarming and require compensatory measures, although there are a number of regions that are experiencing the reverse process: Kyiv, Vinnytsia, Volyn, Ivano-Frankivsk region, etc.

Considering the specialization of regions of Ukraine on trade in services, we can conclude that the export is dominated by a variety of business services, talk about the high level of diversification of exports of services (i.e., the largest share of any group of services does not exceed 30% of total exports) is not possible since only Poltava region is close to the ceiling rate.

In the import of services is different, since only 3 regions (Vinnytsia, Dnipropetrovsk, Kharkiv) have greater than 60% of the index's largest group of services in import, it indicates that their requests for services the regions of Ukraine are trying to meet the expense of national service providers and those regions which dominate the import of real estate, leasing and corporate banking and financial activities of experiencing the outflow of investments abroad.

Specialization of Zaporozhye, Sumy and Khmelnytsky Oblasts, which suggests that these areas are the leaders of tolling operations and more actively involved in international cooperative collaboration than other regions of our country.

Speaking about the dynamics of foreign trade in services and goods should be noted that during the crisis last experienced a smaller reduction than the trade in services and therefore speak of the formation of post-industrial economy at the regional level too early. It should give you an interesting fact: during more than 10 years in some regions of industrialized regions such as Donetsk,

dominated by services than industrial production in total sales, although exports of the regional center dominated by iron and steel industry products.

Thus, we can conclude that the regions of Ukraine participated in the international division of labor largely arisen due to the historical aspect, trying to avoid mono-branch specialization of some regions in exports were detained global economic crisis, which led to the development of such expertise. This in turn allows us to speak about the internal imbalance of regional policy towards standardization of foreign trade within the region, creating the possibility of absolute dominance of regional leaders at the expense of the outsider in the turnover of goods.

Become widespread international cooperation in specific areas of production, socio-economic life, science and technology. Such cooperation does not necessarily take place as part of various organizational structures. It may occur during states agreed their programs, including joint projects of scientific and technological development.

Such cooperation tends to encourage a comprehensive expansion of trade, mutual investment of national industrial complexes, large-scale integration. Especially it should be noted the increase in and, sometimes, unalternativity of international cooperation in scientific and technical sphere. In the modern scientific and technological space are developed and sophisticated capital-intensive technology that even countries that are leaders in terms of industrial development and the amount of capital, unable to realize their own and integrate their efforts with other countries. Moreover, this need is experiencing Ukraine: because of objective reasons, after the collapse of the Eastern bloc and the USSR was a significant narrowing of the technological space in which there was economic activity of Ukraine.

In this connection great interest to Ukraine is detailed and extensive cooperation, which is the EU countries. In particular, such cooperation takes place within complex projects “eureka”, which are the building blocks of numerous industry cooperation programs. An example of large-scale international project in which participates, our state is “Sea Launch”.

In the quarter decreased compared to 2008 the total number of applications filed in foreign agencies, including the number of patent applications — by 29.1%. The largest part of requests made of industrial property (inventions, utility models, industrial designs, then — IPOs) that were filed with the Patent Office of the Russian Federation (73%) [4].

The number received in 2009 of protection of Ukraine and foreign countries to IPOs compared to 2008. decreased by 7.8%. Substantially reduced the number of patents for industrial designs (36.0%). The vast majority of foreign patents to IPOs also obtained in Rospatent (90.9%).

In recent decades the volume of movement of capital

assets has been steadily growing, and this factor is important for the development of open economies. Especially it concerns the economy of Ukraine, who feels the need for significant inflow of funds from outside, and also suffer from capital flight because of the relatively worse conditions for their functioning.

Migration of capital from the perspective of a country, realized in the form of export of capital (in this case the country is a donor, exporter of capital) and capital import into the country (in this case is the recipient country, an importer of capital). Export of capital are countries with a relative (not confused with the absolute) surplus funds in a particular country and the opportunity to receive higher returns in another Member State through:

- more favorable to owners of capital ratio of inputs (which leads to more conventional cost of capital);
- Possibility of access to markets of certain economic resources (eg raw materials);
- the possibility of receiving marketing advantages in commercial activities (e.g., in the form of creating economic structures that provide sales of firm-investor, or by transfer of the production process to the target country — the country of sale in order to increase production efficiency, bringing it closer to consumers).

International capital movements caused by the difference in the saturation specific economic factors or the ratio of these factors. Despite the general tendency to increase the inflow of foreign investments into Ukraine's economy in most regions, a decrease of foreign investment inflows.

Another important problem is the inefficient structure of foreign investment, which strengthens the structural imbalances in the industry and adversely affect the international competitiveness of the regions of Ukraine. The priority for foreign investors remain the industry relating to the third (mining and oil refining, production of non-metallic mineral products) and fourth (food, chemical and petrochemical, metallurgy, paper and cellulose) technological structures. Only in the Transcarpathian region of the investment structure is dominated by investment in the industry of fifth technological structure.

Thus, for the regions critically important is a task of raising the level of innovation and research intensity of foreign investment. However, at the regional level is taking steps to improve the quality of foreign investment.

The problem of quality of foreign investment also characteristic and for special economic zones, which is to invest capital primarily in industrial production of the third and fourth technological structure. At the regional level of special zones were set can be an effective way of managing the process of attracting foreign investment, which will positively affect the region's participation in international cooperation. But the existing legal regime for foreign business

entities in the SEZ can not fully use this mechanism to improve the economic situation in deprived areas. There is a tendency to reduce the share of foreign investment in total investment in SEZ and TPD of Ukraine, which is associated with changes in legislation in 2005 According to the Law of Ukraine "On amending the Law of Ukraine" On State Budget of Ukraine for 2005 was canceled tax exemptions and special customs regime, the state guarantees the stability of the legal regime of SEZ and TPD.

Part of the solution to attract investments in SEZs will contribute new Law of Ukraine "On general principles of creation and functioning of priority development areas, special economic zones and recreational areas", the project is submitted to Parliament in 2007. In addition to specific provisions of this Law (Article 15. Special customs and tax regimes) are intended to prevent misuse of preferential treatment in the SEZ, is positive provided special investment regime for entities that implement approved by the Board (Committee) or local government investment projects in priority kinds of economic activity on the TPD. However, the draft law, these priority economic activities are not defined and not provided for measures to increase research intensity projects that can lead to further intensification of the technological backwardness of industrial production in the SEZ and TPD.

The study showed that international cooperation in most regions of Ukraine is characterized by decreasing dynamics and inefficient structure of foreign investment. The reasons for this state feel inadequate institutional support of foreign investment, which leads to ineffectiveness of mechanisms of state investment activities of Management at the regional level. In addition to solving the problems the state level, which are typical for foreign cooperation (simplification of registration, licensing, certification, customs, reducing bureaucratic barriers) and the taxation of economic activity of foreign investors (reducing taxes and simplifying their administration, stability of tax legislation, the solution issue refunds of value added tax) should improve the mechanisms of involvement and support of foreign investors in the regions.

The first step in improving governance in investment activities at the regional level should be the development of the state investment strategy of Ukraine, which would encompass the period of not less than five years. The components of this Strategy should be investment program areas of Ukraine, worked for the same period and consistent with regional strategies of international cooperation. This multilevel approach will combine the interests of central and local governments in attracting foreign investment and increase the effectiveness of international cooperation at the regional level through a clear division of powers between the center and regions.

To increase the efficiency of foreign investment

should be in the regional strategy for international cooperation to identify priority areas of investment, applying the criterion of research intensity of production. At the same time, regional investment programs that provide mechanisms to enhance the attractiveness of investment in these sectors for investors.

To enhance the innovativeness of foreign investment, attracted by industrial enterprises located in SEZ and TPD, should by legislation to provide incentives for investors that implement innovative projects in these areas and make investments in the industry five technological order. Benefits may be similar to those set forth in the draft Law of Ukraine "On general principles of creation and functioning of priority development areas, special economic zones and recreational areas" for the activity of technological parks and innovation structures of other types. To some extent, foreign investment in knowledge-based production will create a network of regional venture funds, capital of which is formed with the participation of state and market investors. State of readiness to risk investing in innovative enterprises increase the attractiveness of science-intensive projects for foreign investors and strengthen the responsibility of local authorities for the use of funding for innovative development of the region [5].

Given the geopolitical location of Ukraine, should be actively finding ways of transit cargo. We believe that for facilitation of transit, it is necessary to eliminate duplication of functions of state control through the development of a typical flow chart points, create the necessary legal framework in this area.

Along with the trend towards trade liberalization, the current foreign trade policy of most countries can be characterized as moderate protectionist. The state has the right and should regulate economic relations in order to protect interests of domestic producers, exporters and consumers, using the whole arsenal of instruments of trade policy.

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Khadzhyrov I. V. Post Crisis Dynamics of Foreign Economic Activity of Ukraine's Regions in 2009 — 2011

In the face of increasing competition between developed and developing countries, it is important for Ukraine to maintain a balance in relations with them, which is also an additional incentive for the modernization of the economy. To do so, accelerate the expansion of exports of Ukrainian products in developing countries, because if Ukraine could not gain a foot hold in these markets in the near future, it is likely that it will face stiff competition not only from the TNCs, but also from large national corporations.

Key words: crisis, dynamics, economic, region.

Хаджинов І. В. Посткризова динаміка іноземної господарської активності в українських регіонах у 2009 — 2011 рр.

Під час змагання між розвиненими країнами та країнами, що тільки розвиваються, для України важливо підтримувати баланс у відносинах з ними, який є також додатковим стимулом для модернізації економіки. Для цього прискорюють розширення експорту української продукції в країни, що розвиваються, адже, якщо Україна не зможе придбати частку на цих ринках в найближчому майбутньому, імовірно, це стикатиметься з жорсткою конкуренцією не тільки від ТНК, але й від великих національних корпорацій.

Ключові слова: криза, динаміка, економіка, регіон.

Хаджинов И. В. Посткризисная динамика иностранной хозяйственной активности в украинских регионах в 2009 — 2011 гг.

В ходе соревнования между развитыми и развивающимися странами, для Украины важно поддерживать баланс в отношениях с ними, который является также дополнительным стимулом для модернизации экономики. Для этого ускоряют расширение экспорта украинской продукции в развивающиеся страны, потому что, если Украина не сможет приобрести долю на этих рынках в ближайшем будущем, вероятно, это будет сталкиваться с жесткой конкуренцией не только от ТНК, но и от больших национальных корпораций.

Ключевые слова: кризис, динамика, экономика, регион.

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