

Volodymyr Yemelyanov,
Doctor of Sciences in Public Administration, Professor,
Director of the Institute of Public Administration,
Petro Mohyla Black Sea State University

THE FORMATION OF THE GLOBAL SPHERE OF ECONOMIC ACTIVITY IN THE CONDITIONS OF THE INCREASING ROLE OF THE GLOBALIZED REGIONS

The world economy reflects the totality of production relations, which operate at national and international levels. Under the influence of a number of objective factors the world economy becomes more and more integral one. The most important factor contributing to the formation of the whole organism of the world economy is the accelerated process of integration, which is the convergence of countries' economic structures, not only at the state level, but also at the regional level that can combine multiple countries or a certain region of one state. The basic elements and preconditions of formation and development of the global sphere of economic activity in the conditions of the increasing role of the globalized regions are defined in this article. The author of this research highlights the following features of the globalized regions: the availability of geo-economic potential; the presence of external economic infrastructure (physical and institutional support); the positioning of the region in the global business environment; the inclusion of the region in the system of international economic relations.

It is concluded that globalization transforms regions to full members of international economic relations. However, at the same time globalization actualizes the need to identify and protect the unique local competitive advantages as imperatives of raising international competitiveness under conditions of globalization for them.

Keywords: global sphere of economic activity, globalized regions, international competitiveness.

Ємельянов В.М. Формування глобальної сфери господарської діяльності в умовах зростання ролі глобалізованих регіонів

Визначено основні елементи та передумови формування і розвитку глобальної сфери господарської діяльності в умовах зростання ролі глобалізованих регіонів. Виділено ознаки глобалізованого регіону: наявність гео економічного потенціалу; присутність зовнішньої економічної інфраструктури (фізичного та інституційного забезпечення); позиціонування регіону у світовому бізнес-середовищі; включення регіону у систему міжнародних економічних відносин.

Зроблено висновок, що глобалізація перетворює регіони на повноправних учасників міжнародних економічних відносин, але разом з тим актуалізує необхідність ідентифікації та захисту унікальних локальних конкурентних переваг як імперативів підвищення міжнародної конкурентоспроможності в умовах глобалізації.

Ключові слова: глобальна сфера господарської діяльності, глобалізовані регіони, міжнародна конкурентоспроможність.

Емельянов В.М. Формирование глобальной сферы хозяйственной деятельности в условиях возрастания роли глобализированных регионов

Определены основные элементы и предпосылки формирования и развития глобальной сферы хозяйственной деятельности в условиях возрастания роли глобализированных регионов. Выделены признаки глобализированного региона: наличие геоэкономического потенциала; присутствие внешнеэкономической инфраструктуры (физического и институционального обеспечения); позиционирование региона в мировой бизнес-среде; включение региона в систему международных экономических отношений.

Сделан вывод, что глобализация превращает регионы в полноправных участников международных экономических отношений, но вместе с тем актуализирует необходимость идентификации и защиты уникальных локальных конкурентных преимуществ как императивов повышения международной конкурентоспособности в условиях глобализации.

Ключевые слова: глобальная сфера хозяйственной деятельности, глобализированные регионы, международная конкурентоспособность.

Introduction

The tendency to expand mutual cooperation of countries and individual regions and to increase their interdependence is enhanced under conditions of intensification of world globalization processes. The impact of the global component on national and regional economic development is constantly growing. In this regard, the development of individual regions as components of national economic systems should be considered in the context of not only internal, but also global economic processes.

Analysis of recent research

The works by P. Krugman, M. Porter, M. Obstfeld, V. Lomakin, J. Makogon, T. Leavitt, F. Fukuyama, J. Stiglitz, K. Omaye, S. Hlaz'yev, M. Delyagin, V. Obolensky, V. Senchahov, R. Sidenko, R. Fathutdynova, O. Bilorus, D. Luk'yanenko, V. Novytskyi, O. Sohatskoy and others are devoted to the study of problems of the development of the international economic activity and the impact of globalization on national economy. The issues of the development of the regions and the problems of rising interdependence of the national economic systems is the subject of research of V. Barns, L. Ledebur, E. Bleykli, V. Leksyn, N. Mikula, O. Shvetsov, M. Dolishniy, Z. Varnaliya, V. Stechenko, V. Tretyak, L. Yaremko and other scientists.

However, despite the large number of works of both foreign and domestic scientists on the investigated problem, it should be noted that quite poorly researched are the questions regarding the features of globalization aspects of development of the international economic activity at the regional level.

Statement of research objectives

The purpose of this paper is to analyze the development of the international economic activity at the regional level and to define the features of the globalized regions.

Results

While analyzing the role of the regional economy in the development of the international economic activity (the IEA) of a state, it should be noted that the systematization of national economies, the allocation of types of countries and regions, their grouping is necessary in order to:

- systematize countries and regions according to their peculiarities and the level of their development;
- identify the characteristics of the countries and regions;

- determine the place of countries and regions in the world economic system and international economic relations;

- identify and predict the likely prospects of development of countries and regions [1].

Basic principles of systematization of countries the following:

- regional;
- regional and economic;
- economic;
- organizational;
- social and economic [1].

The most attention should be paid to the regional principle, which is in a grouping of countries according to their geographical location, for example, countries of Eastern, Western, Southern and Northern Europe; North and Latin America; South, Southeast, East and Central Asia; Middle East etc. [2].

The regional-economic principle envisages allocation of groups of countries with common economic interests, the same level of development, and other economic characteristics within the region. For example, Western European countries – the EU Member States (Germany, France, Britain, Denmark, Ireland, Belgium, Netherlands, Luxembourg) and the countries of Southern Europe – the EU Member States (Italy, Portugal, Greece, Spain); new industrial countries of Latin America (Brazil, Argentina, Mexico) and Asia (Taiwan, Hong Kong, South Korea, Singapore, Thailand) [2].

As an economic category, the world economy reflects the totality of production relations, which operate at national and international levels. Under the influence of a number of objective factors the global economy becomes more and more integral one. The most important factor contributing to the formation of the whole organism of the world economy is the accelerated process of integration, which is the convergence of countries' economic structures, not only at the state level, but also at the regional level that can combine multiple countries or a certain region of one state.

If the integration involves a certain region of one state, this integration should be based on principles of respect for national sovereignty, independence and protection of national interests, non-interference in the internal affairs of countries, complete equality and mutual benefits. It encompasses many forms in the production sphere (the direct links between enterprises, deepening the processes of specialization and cooperation,

the establishment of international economic organizations, joint ventures, etc.), wide spectrum of directions of joint research and development of new techniques and technologies in agriculture, transport, foreign trade and environmental spheres.

The following features are inherent in the current stage of development of the world economy at the regional level:

- changes in the structure of the world economy;
- strengthening of integration processes of different regions in different directions;
- market unification of economic development of the region and the country as a whole;
- growing dynamic changes of productive forces and production relations;
- enhancing the differentiation of regions of the developing countries and changes of their economic policies.

The growing role of regional trade agreements (RTAs) is an important feature of the modern world economy development [3]. Their occurrence and development are caused by economic and political factors, as well as security concerns. The economic reasons for participation of countries in the RTAs are connected with an attempt to contribute to larger markets, to attract additional foreign investment, to deepen structural changes and to accelerate economic growth. Another argument is the ability to address issues more effectively, which so far is slowly solved at the multilateral level in the WTO. The removal of trade barriers in the framework of the RTAs, other conditions being equal, leads to a more efficient use of resources.

The political aspects of the development of the RTAs are associated with the attempts of the countries to ensure regional security, to strengthen the region's role in the international economic relations, to contribute to the development of a certain socio-economic and political model at the level of individual countries and the region as a whole, to form new geopolitical alliances and to influence the development of other countries and regions, including by regulating access to their internal markets. On the other hand, the development of the RTAs can cause internal and external tensions, because such arrangements lead to a redistribution of trade with third countries and, therefore, to a reduction of their impact.

Particularly noteworthy is the role and the significance of the RTAs of the meso level that as an organic element of the national economy

and the world economy determines trends and tendencies of international economic relations' development of the state.

We should understand the region as an integral unit, an independent organic open system, which is self-developed and self-guided, a subsystem of the system of higher rank that contains a set of elements, components (social, economic, industrial, natural resource and environmental), which are located in their respective relationships and connections with each other and operate in a particular area.

Exactly the regions play a crucial role in the international economic relations of the country, since they have unique regional competitive advantages, are defined by economic and socio-cultural characteristics of the territory, the needs and opportunities of business entities at the micro level, the opportunities for effective use of regional resources in order to realize their own international economic interests.

The trends of modern economic development of the world economy suggest that the importance of regions as key actors of the IEA of countries will continue to grow. This is justified by the fact that the conditions of formation and development of financial and industrial groups, vertically and horizontally integrated production systems, sectoral and intersectoral complexes that are directly the participants of international economic relations are created exactly at the meso level.

Particularly the regions are conductors of the state strategy of the IEA. They determine and concentrate priorities, needs and interests of the subjects of the micro level as well as implement the decisions taken at the macro level.

Also it is important to note the importance of regions for definition, coordination and implementation of national and regional economic interests, which have a complex nature and internal contradictions of development. The resolution of these conflicts enhances the status of certain regions as subjects of the IEA as their goals and interests will be implemented at the level of associated regional entities.

Noteworthy is the need for government support of the IEA of the regions in order to create an appropriate institutional framework for their development, including regional information, coordination and investment centers.

Thus, the effective development and the increased participation of regions in the IEA of the state should be based on harmonization,

coordination and implementation of regional and national economic interests. Formation and implementation of the regional development strategy of the IEA on such basis will contribute to the evolution of territorial meso-level structures that provide consolidation of resources and coordination of economic interests at all levels of management as well as implementation of government priorities in global markets.

The regions of developed countries, with which the Ukrainian regions compete in the international market, become significant independent players on the international market due to high quality and sufficient quantity of natural, industrial and human resources in combination with an effective modern management system and state support. That is why regions can be considered as subjects of international economic relations, which are independent actors in the international markets of goods, services and human capital.

Thus, the conclusions of the theory of international cooperation can be used for a theoretical explanation of the nature of regional external links (external economic links) in the national economy [3]:

1) theory of comparative advantages of D. Ricardo explains the international specialization of the region in such goods and services, in the production and provision of which it has a comparative advantage due to the relatively low cost;

2) theorem of Heckscher-Ohlin-Samuelson justifies sectoral specialization based on provision of region with specific and mobile factors of production;

3) export base theory considers the IEA of the regions as a generator of economic growth based on the export sector of the economy;

4) according to the theory of product life cycle of R. Vernon, some regions realize their competitive advantages by producing innovative, and others – traditional goods and services;

5) according to the theory of the economies of scale of P. Krugman, even with imperfect foreign market, the IEA of the region improves the structure of consumption and promotes the welfare of the population;

6) theory of Porter's competitive advantages justifies specialization and external economic links of the region competitiveness of firms and natural and artificial competitive advantages of the region.

Inter-regional economic relations of the region exist in all areas of economic activity: interregional

trade, scientific and technical cooperation, and investment and innovation activity, exchange of human capital, financial and credit relations, industrial cooperation and so on. The IEA of the region as part of a global economic space manifests itself in the flow of goods, capital and labor: sale of goods and services, the exchange of intellectual and human capital, foreign investment, and so on. Sometimes the reorientation of the region from domestic to external trade occurs, which has both positive and negative consequences. The independence of Ukraine, the liberalization of foreign trade, the spread of globalization processes on the Ukrainian economy have led to the differentiation of regions according to their orientation to export or import of goods. The conjuncture of foreign markets significantly influences the export-dependent regions, and the exchange rate of the national currency – the import-dependent regions. Moreover sometimes international economic relations (the IER) of the region begin to dominate over intra-economic ties breaking the system properties of the economy and developing economy of other countries rather than their own. If such orientation of regions is not associated with a nationwide integration strategy, it has negative effects.

The regional IER emerged first from the collapse of domestic economic ties in the Soviet Union, and then – in Ukraine, which was accompanied by a fall in domestic demand. In this case export orientation of some sectors is caused by an attempt to find alternative domestic markets for their products. First and foremost, it concerns the metallurgical, chemical, engineering products, light industrial products, transportation of products by sea. Narrowing the internal market and consumer substitution of export to other regions of the country by export allowed producers to obtain funds for the modernization of enterprises, increase of production, and improvement of its quality.

On the other hand, the easing of the crisis tendencies and the expanding of the domestic market, the orientation of the regional economy on foreign markets has a negative impact on the internal market and trade relations between the regions of the country, hindering the development of the territorial division of labor. Therefore in this case it is necessary, along with the preservation of the IER of regions, to ensure legal, infrastructure, and other factors of interregional relations.

An important feature of the national economy is the competitiveness of a country

that is determined, among other factors, by the competitiveness of regions that are part of it. The competitiveness of regions determined by the following factors:

- quality and quantity of human capital of the region;
- supply and effective use of natural resources;
- the level of development of the energy sector;
- the level of development of infrastructure serving the IER of region;
- availability and the level of development of enterprises operating in the external market;
- competitiveness of products of the region;
- the legal framework of the country;
- the effectiveness of attracting foreign and domestic investments.

Let us consider the preconditions of effective participation of the regional economy in the world division of labor. The foreign trade is a complex system of interdependent elements of the national economy, which ensures movement of goods and services between different countries in order to obtain economic benefit. The elements of foreign trade are combined both in the field and in the national systems through trade economic relations. The weakening of state regulation and liberalization of the economy, which began in the late 80s of the last century, resulted in strengthening of the role of regions in economic life, including in foreign trade. The participation of the regions in the international division of labor is conditioned by a set of internal and external factors, foremost of which is the formation of the export potential, the main elements of which are the following:

- highly competitive raw materials and mineral deposits that can be used directly for the IEA (passed to lease, concession or are exported) and indirectly – for the development of the export-oriented industries;
- production funds, whose presence makes it possible to produce products of the proper variety and quality, acceptable to the world market, and to provide foreign trade services;
- human capital, which is involved in the development of production, provision of services and expansion of infrastructure the IEA;
- scientific and educational institutions that can train professionals for the development of the IEA and create preconditions for the growth of intellectual capital and the development of innovative products;

- the IEA infrastructure: transportation, financial and credit institutions, foreign trade economic organizations, warehousing, customs and border guard services and more.

The socio-economic factors of the IEA of the region form a ‘launching pad’ for international and external economic relations and are determined by the process of foreign trade development in the past, the achieved level of economic development and human capital of the region. In this context, specialization of regions, which affects the level of development of the regions, is an ambiguous process. On the one hand, it contributes to the high efficiency of utilization of available resources and, by doing so, to the formation of high-yield and highly efficient productions and service provision centers. On the other hand, the regional differentiation causes also negative effects:

- an uneven territorial distribution of income of enterprises and of population;
- the dependence on the level of income derived from export for the export oriented regions;
- the dependence on the level of prices of imported goods for import dependent regions.

Thus, sustainable development of the region with developed external economic links depends on foreign economic sustainability of the IEA of the region influenced by the following factors:

- the level of regional gross domestic product;
- territorial orientation of the region;
- natural raw materials potential;
- sectoral structure of the economy;
- functional features of the region.

Conclusions

Hence, the regions with significant share of foreign trade turnover are highly dependent on the conjuncture of external markets. However, the markets in regions with insignificant development of the IER are also indirectly dependent on the external economic factors that influence domestic prices and situation in the credit and financial system.

An important component of the IEA of the region is the development of multilateral forms of economic cooperation of border regions of neighboring countries. Such work begins with the establishment of the priority directions of cooperation based on the definition of businesses’ interests. The significance of the development of such relationships is explained by important infrastructure functions of the border regions in the IEA of the state: regulatory, barrier, contact and

distribution functions. The formation of the IER of the border regions is explained by the expansion of powers of local authorities in international, including foreign economic, relations. At the same time the border regions provide the infrastructure

for the movement of goods, capital and labor force in the framework of globalization. As a result, the economic situation in those regions, which are peripheral areas and lag behind in development, improves.

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