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### PROVIDING THE FINANCIAL SECURITY OF ENTERPRISES IN TERMS WTO MEMBERSHIP

*The article analyses the financial security of enterprises in the context of integration process. It defines the basic problems of financial security of enterprises in connection with the accession to the World Trade Organization. It proposes the action items that should be done at the state level for optimization the level of financial security of enterprises.*

**Keywords:** *financial security, integration, globalization, the World Trade Organization.*

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**Problem statement.** Dynamic integration national economies into the world economy is a global necessity and regularity of the XXI century. The current market environment management determines the need for cooperation and interdependence, the overall progress towards a single, interconnected world.

The main factor of integration is to compare the levels of market development, solving common problems, the desire to accelerate market transformation and not stay away integration processes in the world economy.

However, at the same time, integration and globalization contain a variety of dangers and threats that require adequate approaches to neutralize them and create optimal conditions to ensure adequate financial security businesses.

**Analysis of recent researches and publications.** The problem of ensuring the financial security of enterprises engaged in a number of local and foreign scientists, including Baranowski O., Bilyk M., Berlach A., Blank I., Burtsev V., Vorobyev M., Goryacheva K., Dmitrieva M, Zhuravleva I., Kirichenko O., Kozachenko G., Kuzenko T., Litovchenko O., Matviychuk L., Sudakova O. However, insufficiently researched is problematic of financial security assurance of enterprises in globalization, in particular the WTO accession. There are no complex development activities of the state to optimize the level of financial security of enterprises.

**Task statement.** The aim of the article is a comprehensive analysis of financial security of enterprises in the integration process, identify the major problems of financial security of companies in connection with the accession to the World Trade Organization, and the development of measures that should be done at the state level in order to optimize the level of financial security of enterprises.

**The main material.** Ukraine's accession to the WTO was a turning point in the development of its foreign relations and activities of local enterprises.

The advantages of modern integration processes in Ukraine include: openness of the national economy, the availability and using information and communication technologies, physical security, availability and quality of transport infrastructure and others.

However, along with the benefits, there are a number of dangers which threaten the financial security of national enterprises.

As a result Ukraine's accession to the WTO has clearly improved not only Ukraine's access to foreign markets, but also the level of access to the internal market of Ukraine. Moreover, the level of openness of the local market, as the level

of tariff rates and by non-tariff protectionist measures is much higher compared to the opportunity for Ukrainian companies to foreign markets by the level of tariffs, installed in relation to Ukrainian exporters, and received trade preferences.

The biggest problems are observed in the area of customs regulation (because of the low efficiency and opacity of customs administration) and local regulatory environment.

Comprehensive analysis of the conditions of Ukraine's foreign trade after accession to the WTO shows that under the influence the severe global financial and economic crisis, the expected benefits of deepening integration of the domestic economy to the global trade space are not implemented. On the one hand, the deterrent for foreign trade was decrease of world demand and, consequently, domestic production of more export products, on the other hand, the increasing the use of various protectionist restrictions by trade partners of Ukraine significantly limited exports. Thus, the regulatory impact of the WTO on the protectionist policies of the world was very limited against discriminatory measures and the active protection of domestic producers, even in countries which are its leading members and developers the principles of the GATT-WTO system.

As a result of integration processes, in order to adapt to global economic and political change, trade policy of Ukraine is directed to bring into conformity with the WTO commitments the system of tools customs and tariff regulation, in particular, there has been a substantial reduction in import duty rates. In the conditions of increasing real incomes and restoring of consumer effective demand rising the volume of imports of goods and increasing revenues.

The negative impact on financial security of enterprises in Ukraine have such gaps in the state activity, as the lack of a clear strategy for structural changes of the economy, a weak financial mechanism of governmental support of business, low encouraging to investment and innovation development of enterprises, resource and energy efficiency, disadvantageous conditions of export crediting etc.

Thus, membership in the WTO has led to the necessity of revisit the policy of supporting domestic producers. The main condition is creating conditions to neutralize possible negative impacts of WTO accession for the financial security of national enterprises and ensuring raising competitiveness.

The obligatory component of this system is to improve standardization, certification, application of sanitary, phytosanitary measures and technical regulations. This improvement has a special significance for the state and can be achieved only through a fundamental reform of the entire national system of technical regulation.

The main incentive for introduction by enterprises quality management systems is not formal WTO requirements, but the need to improve the competitiveness of their own production.

To ensure a stable level of financial security at the enterprise level, it is necessary to create conditions of security of the financial system as a whole that is financial security to be achieved at both the macro- (at the national economy) and micro levels (at the level of individual entities).

In the conditions of integration processes in order to prevent the threat of loss of financial security, companies should always consider the full range of the many factors that affect their competitiveness. The problem of financial security is complex, combining some regions, businesses, politics, economics, finance and more.

The main component of the state policy in the field of financial security at the stage of economic reform is to ensure financial stability in Ukraine. Guaranteeing financial security, the government should create the necessary conditions of dynamic economic growth, especially in the current situation of integration processes.

Thus, at the national level the main measures to optimize the financial security of domestic enterprises in the conditions of integration processes should become (Fig. 1): import restrictions, import liberalization, reform of technical regulation, standardization and certification, government regulation of business, export oriented of domestic production, informatization of foreign economic relations of Ukraine.

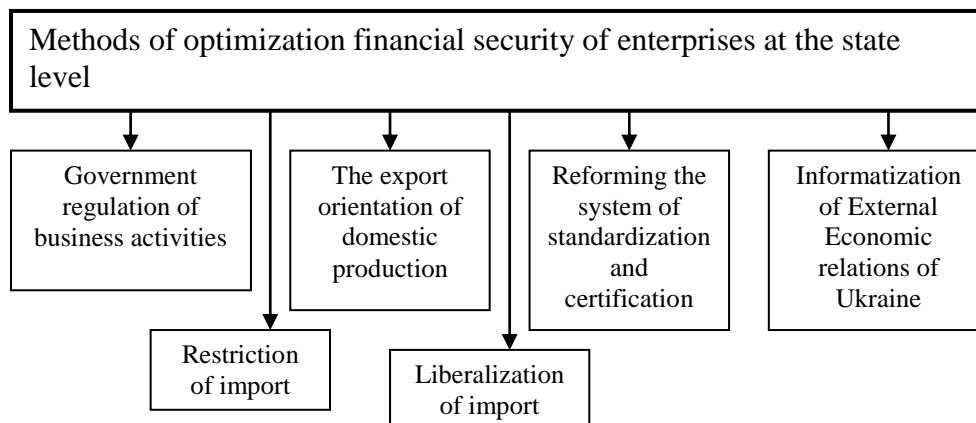


Fig. 1 – Methods of optimization financial security of enterprises at the state level

In order to protect of domestic producers according to the norms the GATT / WTO, the government has used anti-dumping and countervailing duties, trade quotas and so on. Also, should be conducted operational control of price situation on international markets and carried out the state monitoring of problematic aspects of import activities and unfair competition.

In order to create the conditions for improving the structure of the economy, it is expedient to create opportunities for revising the terms of import products which meet the strategic principles of economic modernization and has potential for further expansion of export demand. Such review would apply, including, and certain branches of engineering.

To restrict access to the Ukrainian market competing products at dumping prices should introduce not tariff regulation import. The use of such measures does not preclude the use of anti-dumping procedures, but often proof of antidumping is impossible because of formal reasons and because of the presence in the country expressed strong competitive advantage. Tools tariff regulation may be the introduction of new rules customing certain types of products, the establishment of certain quality requirements, stipulating import deliveries necessity to launch the corresponding production on Ukrainian territory, etc.

Furthermore, the state has to fight against shadow import activities. Among the measures legalize of import it is recommended:

- creating a system of quality control of imported products;

- implementation of electronic import declaration;
- application the systems of market analysis and interaction with controlling authorities of the partner countries;
- maximal unification a taxation of imports, the gradual abolition of all import privileges;
- improving the methodology of determining the customs value and more.

One of the measures to promote exports and strengthen the competitiveness of domestic enterprises is the liberalization of imports of certain products. Thus, actual for the competitiveness of Ukrainian producers are optimizing import of raw materials and components that is used for manufacturing finished products. Factor cheapening raw materials, semi-finished products and components can be significant factor of price competitiveness of Ukrainian goods, and therefore enterprises that produce them.

Among the tools supporting the domestic producers are effective without interest tax credits to companies that undergo the problems with sales or are manufacturers substitute the import goods, bills and other mechanisms deferments taxes.

An important part of strengthening the financial security enterprises is to complete the reform of technical regulation, standardization and certification, because the problem of improving the national technical, sanitary and phytosanitary standards in accordance with international practice is the basis for increasing the competitiveness of Ukrainian enterprises. In the leading countries of the world standardization is one of the constituent of the mechanism of managing and a tool of regulation. Unfortunately, today discrepancy most national standards of Ukraine international level not only reduces the competitiveness of domestic enterprises, but also significantly undermines their financial security.

A significant negative impact on the financial security of enterprises causing an unsatisfactory level of government, which in turn is the basis for the development of crisis processes in the economy. Therefore, modernization and normalization of state regulation of entrepreneurial activity and the availability of highly skilled management personnel at the state level is one of the main elements to ensure the financial security of a company.

In addition, WTO membership and strategic European integration orientation of our country determine the viability of establishing a transparent the legal basis regulating state aid system, harmonized with EU rules. In addition, the relevant regulatory documents should have fixed that state aid must be transparent, shall not discriminate the commercial interests of domestic and foreign of economic entities and distort the conditions of competition.

Considering the high import dependence as a threat to the financial security of Ukrainian enterprises one of the ways neutralize this influence is export oriented domestic production. Therefore, improving financial mechanisms of regulation and supporting of export activity is an important task in ensuring the financial security of domestic enterprises.

It should be noted that the task of implementing the mechanisms of state support of export activities (loans, export insurance and guarantee the participation of Ukrainian exporters in tenders abroad) has been actualized at the beginning of the global crisis in 2008, once again the relevance of the problems stressed in the Decree of the President of Ukraine on April 27, 2011, the number 504, but as of

mid-2011 a law was not developed [3]. Thus, in the near future at the state level should be carried out the following set of measures:

- introduction of programs to support exports through complex financing from state and local budgets and private sources, taking into account the principles and obligations recognized by Ukraine when joining the WTO;
- formation of government programs to support crediting of business entities who carry out export activities and have high potential of growth international competitiveness;
- introduction of the voluntary insurance of export credits in case of growth losses from the amplitude exchange rate fluctuations, insolvency purchaser due to force majeure, refusing foreign buyers from products;
- promoting a national market of factoring and forfeiting services;
- distribution of practice of trade financing small and medium enterprises;
- implementing mechanisms of export credit and export insurance, including the establishment or determination among existing the specialized financial institutions in this field.

Informatization of Foreign Economic Relations of Ukraine provides the introduction a set of measures:

- a comprehensive information system in the field foreign economic activity and state monitoring of the implementation of export-import operations;
- raising awareness of national exporters to of price situation on foreign markets, as well as standards and technical requirements concerning a traditional and potential new products of Ukrainian export;
- ensuring information and methodological support in the process of finding and selection prospective foreign markets for the products of Ukrainian enterprises;
- creating single database of tenders carried out abroad, providing systematic informative and consulting assistance to Ukrainian enterprises to ensure their participation in international tenders, exhibitions and fairs.

**Conclusions.** Thus, WTO accession has heightened a number of domestic economic problems in Ukraine related to the abolition of trade barriers. The trade liberalization has strengthened the impact of the world conjuncture on the financial security of Ukrainian enterprises led to greater economic risks in a period of global economic instability. However, theoretically Ukraine's accession to the WTO could give Ukraine a number of new opportunities. For domestic enterprises the potential benefits associated with easier access to world markets for goods, services, capital, internationally recognized rights to the protection of national interests in these markets. Commercial risks can be reduced by installing a more stable trade regime and reduce transport expenses – as a result guarantee freedom of transit of goods through the territory of the WTO member countries. All of this in general can reduce the cost of Ukrainian products and increase the competitiveness of Ukrainian companies.

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