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**INDUSTRIAL PARKS:  
INTERNATIONAL EXPERIENCE AND NATIONAL PRACTICES**

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This article focuses on history, fundamentals and the meaning of creating industrial parks worldwide and in Ukraine. Industrial parks play a significant role in the socio-economical development of every country, create space for attracting foreign investors and favourable conditions for development of enterprises, use of modern technologies and concentrating at production of hi-tech products, and promote the decrease of unemployment. But industrial parks need government support and stimulation. The legal regulations of industrial parks activity are considered. Special attention is paid to researching principles, conditions and stages of forming industrial parks. The types and advantages of establishment and functioning of the industrial parks for the state, management companies and their participants are described.

**Key words:** industrial park, principles, conditions and stages of forming.

**ІНДУСТРІАЛЬНІ ПАРКИ:  
СВІТОВИЙ ДОСВІД ТА ВІТЧИЗНЯНІ ПРАКТИКИ**

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Ця стаття присвячена історії, основам та сутності створення індустріальних парків в світі і в Україні. Індустріальні парки відіграють важливу роль у соціально-економічному розвитку кожної країни, створюють простір для залучення іноземних інвесторів і сприятливі умови для розвитку підприємств, використовують сучасні технології і концентруються на виробництві високо-технічної продукції, а також сприяють зниженню безробіття. Але індустріальні парки потребують державної підтримки та стимулювання. У статті розглядаються питання правового регулювання діяльності індустріальних парків. Особлива увага приділяється дослідженню принципів, умов та етапів формування індустріальних парків. Виділено типи і переваги створення та функціонування індустріальних парків для держави, керуючих компаній та їх учасників.

**Ключові слова:** індустріальний парк, принципи, умови та етапи формування.

**PROBLEM STATEMENT.** The experience of the developed countries shows that one of the most effective tools and incentives for investment promotion is the creation of an industrial park (IP) in the country that is attractive for starting manufacturing and is equipped with all necessary engineering and technical infrastructure. According to experts, the creation of IP can initiate the functioning of “points of rapid economic growth” in the country [1, p. 17]. Industrial parks are one of the most important factors supporting positive economy development. An industrial park is based on a philosophy of integrating relatively different functions (production function, and that of services, relaxation and education too) into an industrial area with majority of industrial production and services with high economy turnover and high employment

[2, p. 41]. This way of development was chosen by the Eastern European countries - Hungary, Poland, Slovakia and Czech Republic. It should be noted that these economies have achieved significant progress, and Ukraine, using the features and benefits of IP and having a large industrial, scientific and technical potential, could provide the production of high-tech products on its territory.

Therefore the aim of research is the disclosure of economic and legal essence of the IP and the peculiarities of their establishment and functioning in modern terms.

**EXPERIMENTAL PART AND RESULTS OBTAINED.** The experience of foreign and Ukrainian experts provides answers to two questions: what should be done to create a successful IP and what tools play an important role in the process. Therefore it is necessary to consider the historical aspects of understanding the practical aspects of the IP functioning. Historians believe that Trafford Park in Manchester in the UK (10 hectares of land along the sea channel of Manchester), founded in 1896 by Ernst Hall was the first purposefully created IP. Henry Ford built his first automobile factory in Europe in Trafford Park in 1910. In the 1920s thousands of British companies and 300 U.S. firms had industrial or office space there.

The first IP were created in the form of infrastructure and trained engineering areas that combined production, storage, office, social and household items on their territories. IPs became actively created in the U.S. and Europe in the 20th century. Thus, IP Frankfurt Hoechst (Germany) is one of the main centers of European high-tech, which contains more than 90 scientific and industrial pharmacological, biotechnological, chemical and pharmaceutical companies. Industrial area Huntsville (Alabama, USA) represents a complex of industrial and technological parks. Here are the manufacturing, logistics, research centers Toyota, BASF, Pratt & Whitney, Northrop and other centers of global giants, and one of the largest research and technological park Cammings, where 285 companies are located.

In recent decades IP began to develop rapidly in Asia, Eastern Europe and the Baltics. Typically, these objects were built near the large cities along the roads of strategic importance, linking the industrial centers, and as close as possible to the seaports, railways and airports. At the end of the 20th – beginning of the 21th century IP were established in Russia and Ukraine. IP development in Russia is related to the automotive industry: the companies whose main activity was ancillary production began to appear around large companies such as VW, Skoda, Volvo. It should be noted that most IP in Russia and Ukraine belong to the state. This is due to several reasons: the development of the industry is always beneficial for the state and local governments (increasing taxes, reducing unemployment, improving the investment climate in the region), the bulk of the costs for developing IP aims at creation of the necessary engineering communications.

Today the leaders in the number of IP in the world are countries like the U.S., where there are about 400 IPs, Germany and China, where the real estate segment is largely pushed by the separately taken office and warehouse space. Also, a significant number of IPs operate in Poland (300 IPs), Hungary (206), Turkey (148 active of 263 registered), Czech Republic (144), Russia (51 of 207), Romania (48), Slovakia (38).

Fewer IPs operate in Bulgaria (14) Kazakhstan (3 of 8), Moldova (3), Georgia (2) Belarus (1 of 2) [3]. The experience of foreign countries shows that the creation of IPs is one of the most promising ways to attract investment, particularly foreign ones, for the economic development. In addition, the labor productivity in these areas is twice as high as the national average. In Europe the constructed IP is paid off in 7-7.5 years.

As of the January 1, 2014 there were registered 10 applications for inclusion in to the register of industrial parks (Kyiv, Brovary, Lviv, Solomon, Kremenchuk, Odessa, Kryvyi Rih, Pavlohrad, Sloviansk, Rovenky and Druzhkovka) and were found 112 potential areas. By the end of 2015 here will be created 10 industrial parks and 5 technopolis (Kyiv, Lviv, Kharkiv, Donetsk, Dnipropetrovsk).

However, very often the concept of IP is interpreted ambiguously. Usually this term is confused with warehouses, logistics parks, or even just plots of land for industrial use. The fact is that IP is not just a real estate (land or building complex), a kind of full-service, which is required for full activity of the companies (industrial projects). For example, IP (as defined by the Russian Association of Industrial Parks) is a special complex organized to accommodate the new production area (production, warehouse and office space), provided by energy, infrastructure, necessary administrative and legal conditions and managed by the specialized company [4]. The definition given by UNIDO (United Nations Industrial Development) says that IP is a plot of land divided into segments according to the developed plan, with or without buildings, with a total infrastructure intended for use by a group of industrialists. IP is a complex construction with well-designed engineering infrastructure area no less than 100-120 hectares.

In Ukraine IP began to develop actively only in 2010 due to the implementation of the Policy of realizing the national projects. Its goal is to ensure the effective use of investment resources of the state, to encourage investors to implement high priority projects, to accelerate economic recovery and transition to its sustainable growth [5]. As a result, one of the priorities of the socio-economic and cultural development was the “New infrastructure” (projects aimed at improving the efficiency of the transit potential of Ukraine). Within the frameworks of these trends was suggested a national project “Industrial parks of Ukraine” – the creation of industrial and manufacturing infrastructure [6, p. 16-17].

The next stage of constructing the investment infrastructure began with the adoption of the Law of Ukraine “On the industrial parks” in 2012. It defines legal and organizational framework for the establishment and functioning of IP, which should lead to economic development, increase of competitiveness of the areas, stimulation of investment and innovation, and the creation of workplaces. The law provides additional benefits to start industrial production in Ukraine, namely:

- “time before market” for investors will be decreased from 2-3 years to 6-9 months due to preparation of industrial areas equipped with the necessary infrastructure;
- gives legal access to land plots of the state or municipal property and provides protection from abuse;

- clearly defines the mechanism of cooperation between state, initiators of the establishment, management companies and IP members;

- ensures the transparency of procedures for starting and selecting IP management companies by establishing a comprehensive list of documents and clear criteria for selection;

- provides tools of the state stimulation for IP creation;

- develops a transparent procedure for inclusion of IP in to the Register.

Nowadays the number of IP in the world is grown in a significant rate, their popularity is conditioned by the following factors:

- creation of conditions for the long-term socio-economic environment;

- the ability to increase investment activity (essence of IP functioning is a stimulation of investments, especially in the production of high-technology products);

- the ability to attract foreign investors (improvement of the investment climate of the country);

- creation of conditions for the separation of residential and industrial areas (taking into account the environmental and esthetical factors in the development of cities);

- provision of the highly productive employment.

Practical experience in the investing activities shows that in the process of establishing IP a considerable attention should be paid to the following principles and conditions of their creation:

- strategic partnership and the balance of interests of all IP participants: government, business, science and society;

- synchronization of IP creation with the purpose-oriented programs and strategic documents valid on the territory;

- increase of investment attractiveness of IP creation not only through providing benefits and privileges, but also by providing qualitative, competitive resources (innovation, infrastructure, personnel) to potential investors and residents;

- use of public funds as a catalyst for attracting investment from other sources;

- rational use of scientific and industrial potential of the area, land, natural and human resources;

- compliance of the functional use of areas to their resource potential;

- separation of powers and responsibilities of all stakeholders of the process of IP creation and development;

- consideration of the impact of IP on the environment.

International experience demonstrates the importance of the direct support of the newly established IP [7, p. 8]:

- co-financing of investment projects (the state partially funds the project through direct transfers, preferential loans, tax incentives, etc.);

- indirect decrease of costs of investors (the state can provide training, accommodation and travel cost for the required skilled workers, protection of the industrial facilities of social insurance, preferential access to transport infrastructure, etc.);

- direct tax benefits (tax cuts, tax holidays, investment tax credit, getting rid of the VAT and duties on equipment).

Creation of IP in Ukraine is conducted in two ways: reconstruction of industrial and office buildings, construction of new office and industrial and warehouse buildings for a long-term lease. Synergetic effect of the neighborhood equipment suppliers, utilities, professional services, training centers makes it possible to improve the competitiveness of IP. This approach not only allows the developer to carry out the most effective way of the territory planning and operation of the industrial park, but also is the most beneficial way for residents. Creation of IP can be carried out on the initiative of:

- holders of the land plots, where IP can be placed (public and municipal authorities);
- potential IP management companies and / or groups of individuals who claim to be the residents of IP;
- holders (private land owners, where IPs have already been established and operates).

However, IP is both a complex of undeveloped land (with all the necessary features of PI) and a complex of ready-made buildings for the industrial production. Both types of these parks have their names [8, с. 6]:

“Greenfield” IP suggests renting / purchasing a park land without any buildings by stakeholders. Thus the company will provide their own industrial construction areas in accordance with the specifications of the industrial park and its own needs. Usually this type of industrial parks is the most attractive to large businesses and corporations, exemplified by the industrial park “Deside” (Wales, UK), which is a factory for production of wings for Airbus aircraft company.

“Brownfield” IP suggests renting / purchasing a park land already constructed buildings (industrial, administrative) and infrastructure by stakeholders. This type of park is the most suitable for small businesses which are unable to independently build a complete set of facilities for the effective functioning of production.

However, independently of the type of IP, the organization of any IP takes place in several stages: identification of the plot of land, development and adoption of the concept of IP, decision to create IP, choice of the management company through open competition, contract with the management company for the park establishment and functioning, definition of the IP participants and launch of IP (Table 1).

The suggested stages of organizing IP should be considered when creating IP in Kremenchuk. Experts plan to create the following sectors of IP «Central» 1) «Hi-Tech» (placement of enterprises of instrumentation, engineering and other areas of production introducing new technological developments); 2) «Logistics» (construction of storage, packing, trucking companies); 3) «TechnoPolis» (sector for the development of information, communication technologies and nanotechnology, electronics manufacturing) 4) «EcoLife» (backup sector); 5) «Energetics» (enterprises of energy efficiency and energy saving technologies), 6) «Business City» (ensuring IP participants, their customer and service organizations of office space, conference rooms, press centres, meeting rooms, data-centre, branch banking service, post office, catering, printing centre, hotel, outdoor and underground parking). The purpose of creating IP

«Central» is to provide economic development and competitiveness of Kremenchuk, investment activity, job creation, the development of modern industrial and market infrastructure [9]. Therefore, in the process of creating this IP it is necessary to consider the needs and potential of Kremenchuk enterprises.

Table 1 – Stages of the organization of industrial park

Identification of the plot of land	<ul style="list-style-type: none"> <li>- industrial purpose of land;</li> <li>- suitability for industrial use;</li> <li>- area from 15 to 700 acres;</li> <li>- useful life of at least 30 years of age;</li> <li>- compliance to sanitary-epidemiological and environmental requirements.</li> </ul>
Development and adoption of the concept of IP	<ul style="list-style-type: none"> <li>- determination of the title and the initiators;</li> <li>- formulation of the goals, objectives, duration, expected results of creation and functional purpose of IP;</li> <li>- location and size of the land;</li> <li>- requirements for participants in IP;</li> <li>- estimated resources and sources of their involvement;</li> <li>- development plan of IP and other information.</li> </ul>
Decision to create IP	<ul style="list-style-type: none"> <li>- application for inclusion of IP in to the IP register;</li> <li>- decision of the initiator to establish IP;</li> <li>- concept of IP;</li> <li>- extract from the state land cadastre and on land title documents for its her immovable property;</li> <li>- name of the management company and participants.</li> </ul>
Choice of the management company through open competition	<ul style="list-style-type: none"> <li>- applications submitted by applicants are considered within 30 days from the last date fixed for the submission of applications.</li> </ul>
The contract for the management company on the park establishment and functioning	<ul style="list-style-type: none"> <li>- subject, time and order of entry into force of the agreement;</li> <li>- description of the land;</li> <li>- procedure and conditions for improvement of IP, implementation of research activities within IP, services, rights of use of engineering and transport infrastructure security;</li> <li>- legal regime of the property within IP;</li> <li>- composition and reporting procedure.</li> </ul>
Definition of the IP participants	<ul style="list-style-type: none"> <li>- contract with the management company;</li> <li>- acquisition of rights on the land within the industrial park.</li> </ul>
Launch of IP	<ul style="list-style-type: none"> <li>- immediate launch of IP.</li> </ul>

In general, the IP is a scheme of the perfect business – business, where every member of the project is satisfied, when everyone realizes his/her own goals. Thus, the state is one of the most important partners in the development of IP, acting as a guarantee of investments in the credit institutions and subsidizing the part of cost spent by the owner on the creation of engineering infrastructure. However, the state receives a number of advantages [10]: general economic growth, improvement of the investment climate in the region and production, flows of investment, reduce of unemployment, increase of

employment, social stability, increase of the tax base, and as a result cash inflows both on the regional and state levels. Other participants also receive the advantages from IP creation:

- management company: profits from the provision of additional services, income from services infrastructure;
- participants: benefits for activities to reduce the cost of products and services through efficient logistics, simplified procedures for access to land plots, reasonable price, long-term lease of industrial space and equipment, low administrative risks, simplified customs procedures.

CONCLUSIONS. Thus, IP need government support and stimulation (clear “rules of the game” and safeguards for investors, minimizing regulatory barriers and corruption, tax and customs preferences, financing the infrastructure) and infrastructure (financial, educational, service and logistics). However the review virtually shows that despite the difficult process of creating IP, this area is the most promising way of bringing new domestic and foreign manufacturers to the regions of the country. Placing production in IP allows companies to enter Ukrainian market in the shortest time and with predictable costs to run the new facility.

Overall, the IP is a powerful tool for economic development, import substitution and export promotion, promising and cost-effective for both the enterprises and the state.

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## ИНДУСТРИАЛЬНЫЕ ПАРКИ: МИРОВОЙ ОПЫТ И НАЦИОНАЛЬНЫЕ ПРАКТИКИ

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Статья посвящена истории, основам и сущности создания индустриальных парков в мире и в Украине. Индустриальные парки играют важную роль в социально-экономическом развитии любой страны, создают пространство для привлечения иностранных инвесторов и благоприятные условия для развития предприятий, используют современные технологии и концентрируются на производстве высокотехнической продукции, а также способствуют снижению безработицы. При этом индустриальные парки нуждаются в государственной поддержке и стимулировании. В статье рассматриваются вопросы правового регулирования деятельности индустриальных парков, особое внимание уделяется исследованию принципов, условий и этапов формирования индустриальных парков. Выделены типы и преимущества создания и функционирования индустриальных парков для государства, управляющих компаний, их участников.

**Ключевые слова:** индустриальный парк, принципы, условия и этапы формирования.

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