

ЕКОНОМІЧНІ НАУКИ

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PROBLEMS AND PROSPECTS OF THE DEVELOPMENT OF EXPORT OF GOODS AND SERVICES PRODUCTION

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The importance of exports of goods and services production with a high part of added value and without it is considered. The recommendations on the realization of economic knowledge and tools to support exporters that exist in other European countries are given. The export activity of the national economy subjects is analyzed. The conclusions are made and appropriate recommendations on the problems and prospects of exports of goods and services production are given. The examples of creative leaders in attracting foreign investment into the economics of western region are given.

Keywords: export, investment, transaction costs, raw material, added value, potential growth, development resources, sales markets, goods and services production, conjuncture of basic material markets, high-tech production, insurance of export operations, investment and innovation projects.

Formulation of the problem. By its nature, economy either increases or decreases. Between those, there is a deep division in which every nation, every people must decide whether to become rich and prosperous or poor and backward. This divide is caused by the ability of economic activity to generate the declining or increasing return.

The essence of activity with decreasing return is that when increasing the output, a decrease in the impact factors of production is made, i.e. reducing of the marginal productivity of these factors. Such efficiency is characteristic for the extraction of minerals, tourist business, agriculture and processing with low value added, i.e. for the production of assets belonging directly to nature. States that remain trapped in the diminishing returns usually export raw materials and are obliged to import products with high added value and as a result the poverty is deepened and preserved.

The peculiarity of the types of economic activity with the growing return that lies in the expansion of the scope of goods and services production leads to lowering the unit costs and the increase of return on additional manufacturing factors. The development of such production and export of their products affect the economy through workforce development, job and household income growth, the multiplier effect on other sectors and stabilizes the exchange rate, revenue growth for the owners of such business and increase revenue to the budget. States, which have seized an increasing return, create a strong foundation for starting a spiral of self-accelerating growth. This includes manufacturing industry with competitive technologies, high-tech sector of economics, the sphere of intellectual services, including IT-industry and so on.

Analysis of recent research and publications. Considerable attention concerning is paid to the problems that prevent the formation and development of exports of goods and services production in the works by the following scientists: Bahrov I.V., Butynets F.F., Hranovskyi V.H., Hrebelynyk O.P., Dakhno I.I., Dudchenko M.A., Kozyk V.V., Kyry-

chenko O.A., Kuzmenko S.S., Mykolska N.Ya., Melnyk O.H., Linnyk V.H. and others. However, not enough attention is paid to the actual problems of raw export orientation of the countries and prospects of their development.

Highlighting the unsolved parts of the general problem. Today, most of domestic scholars and political scientists tend to believe that the sharp drop in Ukrainian exports (goods and services) in the years 2015–2016 is a result of the global financial crisis, the annexation of the Crimea and military-political conflict in Eastern Ukraine. So, the search of the major problems, in the context of continuous and systematic monitoring of goods and services sales abroad, will facilitate rapid decision making by the government agencies for possible adverse changes in foreign trade and payment balance of the country. However, given that the problem of analyzing the existing problems in Ukraine's foreign trade remains permanently open, further study and monitoring require the prospects of exports of goods and services production.

Formulation of the purposes of the paper (establishing the objective). The purpose of this paper is to study the problems and prospects of goods and services production in the context of Ukraine's export potential, determining strategic orientations of its development and practical measures of improvement, given the dynamic market environment and European integration vector of its foreign policy.

The main material research. Real resource of the state economy development in the context of the indicated, may be its export potential. Ukrainian scientist Dorohuntsov S.I. determined that the export potential is the volumes of goods and services that can be made in economic and social spheres and sold on world markets to the maximum benefit for the country [5, p. 957]. But you need to practice such basic tenets of the market as: continuously develop and produce new products; implement them effectively onto foreign markets; constantly monitor new sales markets.

The current structure of production and export amounts do not meet Ukraine's potential in the global economy. Ukraine, population of which is 0.7% of the world population, has a major industrial and natural resource potential, but disproportionately low share of world exports – about 0.2%. While in Italy, Japan, UK, exports of goods and services is about 3 thousand US dollars per capita, in Ukraine – less than 0.3 thousand US dollars. The main factor behind this is the low competitiveness of the exported products and its great part of raw materials component. As to the first, in the Ukrainian reality fair, transparent and open competition is virtually absent, or at best has "gentleman" character. To overcome all of this, consistently tough but fair and transparent competition in education, research and production is necessary as well as efficient and rational use of available scientific, technical and economic potential, large-scale development of international cooperation and clustering.

The growth of the Ukrainian economy in the short term perspective is possible due to many factors and in particular the recovery of exports from value added and proper flow of new investment, including and state. But the distribution of investment statehood can only be trusted to not corrupt officials. This type of system implementation of the declared opens access to the new markets, improves conditions for the interstate trade in goods and services, enhances cooperation and clustering with foreign enterprises, reduces transaction costs of international cooperation, etc.

As for the internal domestic market, it doesn't have the significant resources. In Ukraine, a little bit of savings, income level is small, so it is needed to look for the ways to stimulate exports. Firstly – it is export of the quality products from metal, agriculture, IT technologies, transport services and other goods and services with high added value. That is what will pull the national economy out of crisis pit. To establish itself well in this area, you need to properly set priorities in the political sphere and the economic policy of Ukraine.

According to the forecasts of the World bank, if the implementing of real reforms continue, Ukraine is expected to have economic recovery and growth in gross domestic product (GDP) by around 1% in 2018, and in 2019 – by 2.1%. Since the index HDI (Human Development Index) which is calculated by the UN based on the GDP per capita and living standards, Ukraine ranked 81st in the world; at the end of 2015 GDP fell to 90.6 billion USD (with 183 billion dollars in 2013), and the national income per capita (GNI – Gross National Income per capita) amounted to 2.6 thousand dollars (which is almost GNI of Honduras – 2.3 thousand dollars). In this economic decline, the GDP growth to 2.2% in 2016 is in fact the conservation of crisis, devastation and backwardness rather than macroeconomic stabilization [2].

For Ukraine, the importance of exports demonstrates its share in GDP. In 2014 it was almost 50%. Comparing it with individual EU member states, we can say that Ukraine has considerable potential for growth of this indicator. But the main thing is how to turn this potential into real resource of the development. In this regard, the need to pay attention to the financial tools to support exporters in neighboring European countries, the Baltic

states, of course, taking into account the specifics of Ukrainian economy (geography, environment, cultural heritage, acquired traditions, mentality of the population etc).

Based on Derzhkomstat exports of goods and services in Ukraine in 2016 amounted to 44.885 billion US dollars, imports – 44.548 billion US dollars. Compared to 2015 exports declined by 4.1% and imports increased by 3.7%. The positive balance of foreign trade amounted to 337.3 million US dollars. In 2015 Ukraine exported domestic products to 224 countries, the main markets can be seen in the dynamics (Figure 1).

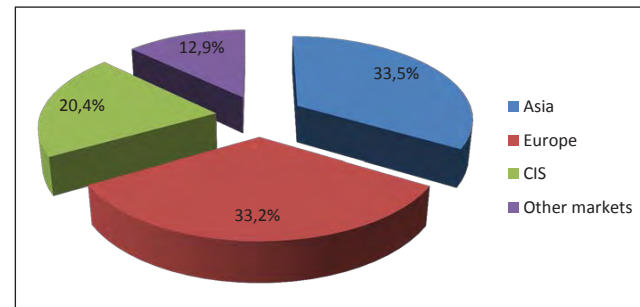


Fig. 1 The main sales markets of goods and services in 2015

Source: developed by the author according to [2]

Almost 3/4 of export of goods is formed from the emerging sectors – agriculture, metallurgy and mechanical engineering. Commodity export of these areas is represented by raw materials and products of low processing level. For example, almost 15% of total exports and 40% of foreign exchange earnings is accounted for crops, and for the products made of them – only 6.3%. However, Ukraine ranks the first in the world in the export of sunflower oil, the second – of the grain, the third – of corn.

In the structure of exports of services, the largest volumes were accounted for transportation services – 54.8% of total services export, in the field of telecommunications, computer and information – 15.9%, the processing of material resources – 11.1% and business – 8.2%. Dynamics of the main sales markets for services (Fig. 2).

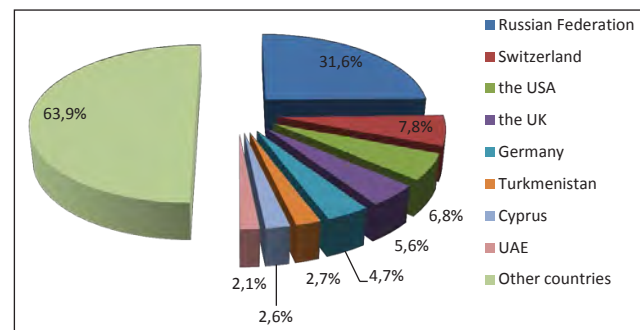


Fig. 2. The main sales markets for services in 2015 [1]

Source: developed by the author according to [2]

Export activities should play the key role in overcoming low GDP indicators, and not means of raw material direction. This is because the raw materials export orientation of the country, especially in times of economic crisis will frustrate any expect-

tations, designed to profit by quantitative indicators. Such situation is explained by the fact that science and technology component in it is really tiny, and the role of nature in its creating is much larger than the one of the creative producers. Hence export activities should be based on producing quality products that are high in added value.

The raw materials export orientation of the economy provides benefits only under favorable market conjuncture, but at the same time contains the danger of economic instability. Specialization in exporting of mono-product (raw materials) is economically risky business, because it increases the vulnerability of the state in the sphere of foreign economic relations. After changing or worsening of the market conditions the state may be in crisis.

However, commodity exports – is the easiest, fastest and cheaper way to profit. Though the wealth from exports of natural resources increases in exporter the irresponsibility of the contracts of delivery and enables quick and easy profit making. The raw materials export is mainly based on non-renewable mineral resources, the vulnerability of the domestic economy from global fluctuations of commodity markets. So, the benefits are short-term, unstable and risky.

We know that the price of the national currency (UAH, hryvnia) is rigidly tied to raw materials conjuncture. However, the raw material is currently the main export commodity of Ukraine. As solid statistics say, over the past 20 years, all currency crises in Ukraine took place in the fall in the world commodity prices for the raw materials [3]. Hence, the raw materials currencies (soft) have a birth defect – dependence on the demand of the world's largest economies.

The best scenario regarding the vector of dynamics of hryvnia is a way out of raw materials lethargy. And the most important task in this respect is the fight against domestic corruption. And if hryvnia is destined to have the so called raw material fate, it will annually lose up to 15 percent of its value against the dollar.

By international standards, the Ukrainian economy is small. Thus, in 2015 its weight in world GDP reached only 0.1%. The reason is specialization in cheap raw materials. A proportion of expensive high-tech products is less than 6% of domestic GDP. In the same framework is exporting of high-technological Ukrainian products. It is not surprising, because for several years in Ukraine dominated economic model that is targeted on getting immediate profit solely by exports of raw materials and the use of cheap labor. And as a result, we have now indifferent attitude of owners to the science and innovation, lack of ties of the scientific area with production, prevailing outdated resource, energy and fund using technology [4].

Consequently, the economic pulse in Ukraine is formed by the world raw materials markets. With their rising, its GDP, stable finances, hryvnia and the budget grow. With their fall, output declines, the quality of production decreases, and accordingly difficulties with access to European markets begin.

Today modern market exporters face the already well-known problems:

- imperfection of financial support of the exporters;

- no workable system of national export credit;
- no real system of credit insurance;
- lack of access to trade financing;
- low level of production technologies;
- low qualification of workers;
- difficulties in identifying potential sales markets and buyers;
- inadequate products quality with international technological requirements and standards;
- problems of access to the imported resources required for the manufacture of products for export etc.

The priority tasks towards the attempts to solve existing problems in export at the national level should include:

- modernization of the legal framework, which must, in addition to export promotion clearly and specifically outline the main areas of support to national exporters;
- formation of funding programs of investment and innovation projects for the development of export-oriented enterprises;
- creation of regional programs and government credit support warranty for the companies which have clearly seen strategic plan for exports development by high technology and innovative products;
- credit insurance from commercial, economic and political risks to protect exporters;
- creation of national leasing, outsourcing companies, which would facilitate more effective export orientation of the national companies and others.

Not only Ukraine's GDP, the budget and international reserves depend on the amount of exports of raw materials and external price level. No less closely related is the inflation, unemployment and the state rate of hryvnia. So we can safely say that all key indicators of the national economy depend on one indicator. At present the main direction of development of Ukrainian economy is a way out of resource dependence. Any "economic miracle" is a shift from the production of raw materials to final products of high technology. Of course, it's a bumpy ride. But only those go through it who wants it despite the internal problems, lack of capital, lack of a favorable investment climate, military conflicts and political misunderstanding.

Conclusions and suggestions. So, in order to give a new breath of the national economy and provide an output of domestic business to EU markets, the government has to implement numerous measures, including the necessity to create institutional units with financial support of exports. These institutions may be specialized bank for export credit or export insurance agency that will reduce risks and will insure export transactions. Secondly, to strictly control the export of unprocessed raw materials. Such measures would stimulate exports, manufacturing production, in which the role of the nature would be cross-covered with the scientific and technological component.

These national projects as raw export orientation of national economy to the development of industrial infrastructure require large investments. At present, significant internal sources of investment referred to in Ukraine virtually none. Since it requires not only a large amount of investments in the economy, but the creative and artistic use. So, the lion's share of work to attract foreign investment necessary for the implementation of these

projects account for local authorities of any level. And this, in the current poor investment climate depends on the creativity and artistic skills of the leaders of the region. This example demonstrates leaders of the Western territories. They actively attract foreign investors, create joint ventures, preparing and providing sites for high-tech industries of logistics undecided produced. So perfect and competent regional economic policy of local authorities is the foundation of an attractive investment climate.

In addition, the Western region of Ukraine are characterized by a significant number of participants of foreign economic activity (FEA) and joint ventures (JV 35% of the country). With the wider regional powers in the field of foreign trade activities and strengthening of state protectionism

regarding domestic exporters manufacturers in the future we should expect an increase in exports in the region, of course, with higher added value. Today in the Western region ignites further liberalization of foreign trade, accelerating market transformation of the economy.

Consequently, investment and innovative projects is the key to converting existing problems in Ukraine into the real new opportunities. This key is present in "public hands", only with this key one can create an effective mechanism for the development and implementation of export potential. There is no alternative investment and innovative way of development in Ukraine. Export investment and innovation policy can become the basis for new growth Ukrainian economy.

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ПРОБЛЕМИ ТА ПЕРСПЕКТИВИ РОЗВИТКУ ЕКСПОРТУ ПРОДУКЦІЇ ТОВАРІВ ТА ПОСЛУГ

Анотація

Розглядається значення експорту продукції товарів і послуг з великою часткою доданої вартості і без неї. Даються рекомендації щодо пізнання і реалізації економічних інструментів підтримки експортерів, які існують у сусідніх європейських країнах. Аналізується експортна діяльність суб'єктів вітчизняної економіки. Розроблені висновки та надані відповідні рекомендації щодо проблем та перспектив експорту продукції товарів та послуг. Подаються приклади діяльності креативних керівників із залучення іноземних інвестицій в економіку західноукраїнського регіону.

Ключові слова: експорт, інвестиції, трансакційні витрати, сировина, додана вартість, потенціал зростання, ресурси розвитку, ринки збуту, продукція товарів та послуг, кон'юнктура сировинних ринків, наукомістке виробництво, страхування експортних операцій, інвестиційно-інноваційні проекти.

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ПРОБЛЕМЫ И ПЕРСПЕКТИВЫ РАЗВИТИЯ ЭКСПОРТА ПРОДУКЦИИ ТОВАРОВ И УСЛУГ

Аннотация

Рассматривается значение экспорта продукции товаров и услуг с большой долей добавленной стоимости и без нее. Даются рекомендации по познанию и реализации экономических инструментов поддержки экспортеров, которые существуют в соседних европейских странах. Анализируется экспортная деятельность субъектов отечественной экономики. Разработанные выводы и даны соответствующие рекомендации по проблемам и перспективам экспорта продукции товаров и услуг. Подаются примеры деятельности креативных руководителей по привлечению иностранных инвестиций в экономику западноукраинского региона.

Ключевые слова: экспорт, инвестиции, трансакционные издержки, сырье, добавленная стоимость, потенциал роста, ресурсы развития, рынки сбыта, продукция товаров и услуг, конъюнктура сырьевых рынков, наукоемкое производство, страхование экспортных операций, инвестиционно-инновационные проекты.