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THE COMPETITIVENESS OF UKRAINIAN REGIONS IN EUROPEAN CONTEXT

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Abstract. *The paper is dedicated to the creation of regional competitive development, which would be provide through the effective use of territorial competitive advantages, highlight just “unique” advantages of each individual territory and provide their combination in virtue of international competitiveness taking into account requirements of the market. The analysis of level of the Ukraine regional competitiveness was carried in the context of integration into the European Economic Area. The types of regions were characterized by the criteria of competitiveness and the prospects of competitiveness increase of the Ukraine regional economy.*

Запотоцький С.П. Конкурентоспроможність регіонів України у європейському контексті. Стаття присвячена обґрунтуванню регіонального конкурентного розвитку, який має бути забезпечений за рахунок ефективного використання територіальних конкурентних переваг, врахування "унікальних" переваг кожної окремої території і забезпечення їх поєднання для посилення міжнародної конкурентоспроможності з урахуванням вимог ринку. Аналіз рівня конкурентоспроможності регіонів України проведено в контексті інтеграції до європейського економічного простору. Типи регіонів охарактеризовано за критеріями конкурентоспроможності та перспектив підвищення конкурентоспроможності економіки регіонів України.

The urgent task of the state rebuilding and economy flourishing is integration of Ukraine into the international economical space. Tough competition between goods producers, swift technological and innovational progress, constantly growing customers' demands become a push to forming of indivisible economical space in the international level by means of the integration of individual enterprises, branches, regions and even states. The dynamics of world economic processes in conditions of globalization and revivifying requires substantiated and suspended actions of every member of international relationships and as a natural result puts question about the competitiveness at all levels, from goods producers to territories and the state. The competitiveness of territorial institutions puts efficiency of their management on the first plan, and in conditions of effective mechanism of regional power motivation is able to provide competitive regional development. In such conditions it is important to understand that the competitiveness has to be considered not only as an indication of a region, its peculiarity, but the most important is a process of competitive regional development.

The basis of providing the competitiveness of the territory is the way of processes of regional development, which aim is to use competitive potential of the territory, its "unique" features in the most effective way, to provide complex development on the basis of rational specialization of economy, adapted to the changes of the internal and world state of affairs. A competitive region must have available high intellectual potential; developed innovative investment constituent, developed business environment, all types of the infrastructural providing.

The important condition of competitive development of the territory is the objective estimation of present terms and resources which in a prospect will determine possible priorities of such development.

From the other side the geographical approach in the conditions of revivifying requires forming of effective control system and motivation of all participants of realization of the competitive edges within the region, as the integral formation.

So, according to the social-geographical meaning, the best determination of competitiveness of region will be one which includes such basic aspects as:

- the efficiency of functioning of the economic complex of the region (competitiveness at the market of goods or competitiveness, provided by production);
- the investment attractiveness of the region (competitiveness at the capital market or competitiveness of finances);
- the innovative activity of the region (competitiveness at the market of innovations or competitiveness, provided by scientific researches);
- the necessity of the achievement of high standard of living of population (competitiveness at the market of labour or competitiveness which is provided by population);
- the efficiency of the mechanism of region management (competitiveness of infrastructures of business development, or competitiveness, provided by the government);
- the comfort of dwelling of population (competitiveness of social development or competitiveness which is provided by the government and population).

Today the state of crisis and negative tendencies, which have been observed in national economy during many years, delay the acceleration of processes of including Ukraine to the world economic association. These obstacles are: at first, large specific gravity of physically and morally ramshackle equipment in composition of capital production assets (over 60%), that has become the result of the predominance of extensive methods of economic development, and above all things its basic industries; the second is that there are disproportions in the system of self-provision of key industries of vital functions of the country (almost complete external fuel and energy branches dependence, satisfaction of the requirement in electrical engineering and cable ware branches, products of textile, cellulose-paper and medical industry only in half, absence of the production of rubbers, products of organic synthesis, equipment for the light industry, processing industries of the agricultural complex etc.; the third, non-balanced particular branch structure of industry from the point of its social orientation (the potential of industry is almost on 90% formed by heavy industries, specific gravity of production of the articles of consumption is about 30%, while in the developed countries it arrives at 50-60%) [1].

Such situation is reflected in the world ratings of competitiveness of Ukraine. So, according to the researches of the World economic forum (VEF) in rating of global competitiveness 2012-2013 Ukraine took the 73rd place from 144 countries [2].

According to the researches of the Fund «Effective management» in Report on the competitiveness of regions of Ukraine 2012, it is marked that among the factors which positively influence the development of the competitiveness in regions and Ukraine, there is a high level of technological readiness to introduce innovative technologies. The retentive factors of competitive development of Ukraine are, first of all, weak (state) institutions. According to the experts' data, in relation to such constituents of competitiveness as efficiency of labour-market, higher and primary education, health protection, all regions of Ukraine have got estimations which are higher than average ones in the world. In previous period Ukraine has shown the substantial growth of the index of infrastructure development, however it still occupies the 114th place in the world in such constituent of competitiveness, as a financial market [3].

For the estimations of regional competitiveness level there is a question of determination of groups of areas with general strong descriptions of competitiveness. As results of the analysis conducted by us testify, the regions of Ukraine show different levels of competitiveness, determine different types of competitive edges and weak competition positions and that is why they require different strategies of stimulation of development processes. The adaptation of the matrix of Boston consulting group (BCG of matrix) for the analysis of regions level of competitiveness and level of the economy growing allowed to carry out separating the regions of Ukraine according to their level of competitiveness (pic. 1).

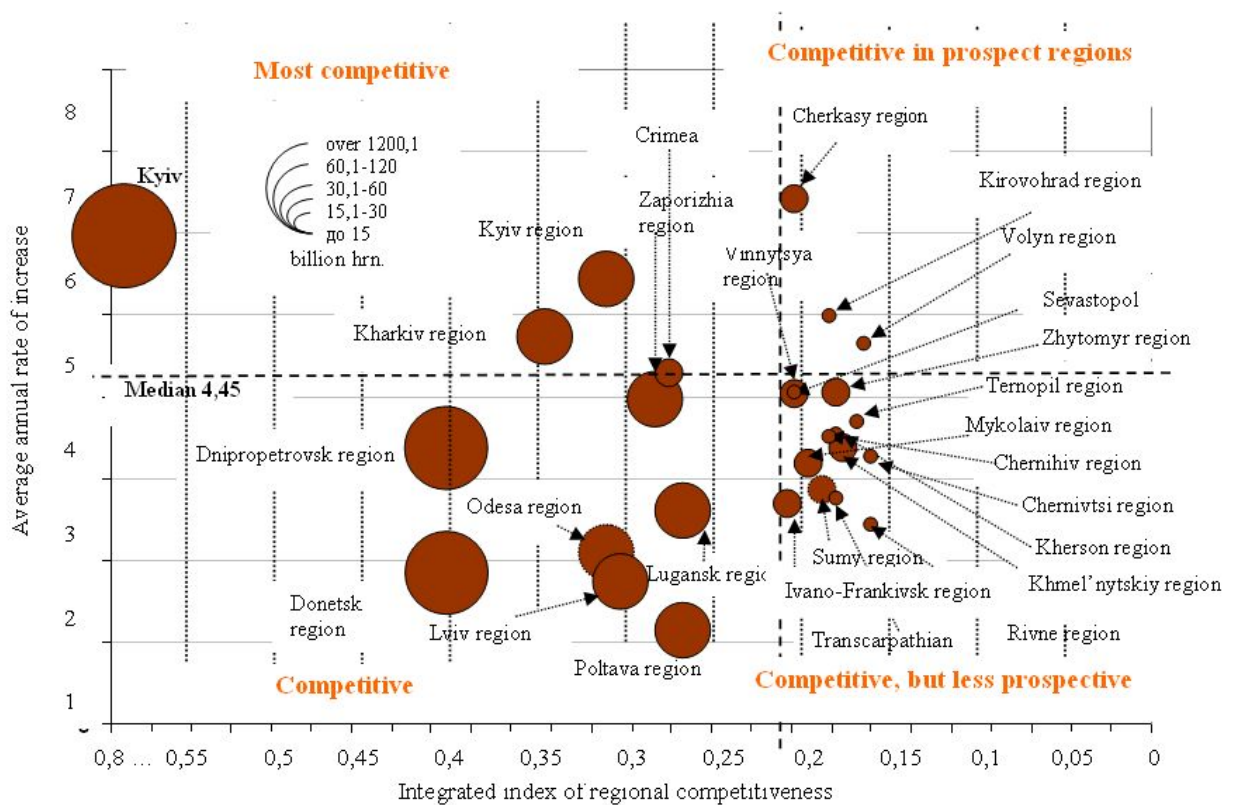
In accordance to the resulted segmentation the following regions were put to the first type of the «**Most competitive**»: Kyiv City, Kyiv and Kharkiv regions. They can be described as highly competitive regions which provide the greatest rates of social and economic development, have great innovative potential, high yield of

the production, considerable financial potential, are highly attractive for investors as regions with the developed infrastructure and advantageous geographical position.

So the main directions of subsequent development for these regions will be the maintenance of the attained level of competitiveness, the maintenance of investment attractiveness of the regions, stimulation of the development of the most perspective industries of economy (innovative activity, telecommunications etc.), increasing of foreign trade of goods and services, especially the products of intellectual property.

The group «**Competitive**» consists of Dnipropetrovsk, Donetsk, Lviv, Poltava, Odesa, Zaporozhia, Lugansk and Ivano-Frankivsk regions and Crimea. They are characterized by the high level of competition positions and relatively low rates of the economy growing. They are well provided with natural resources, developed infrastructure, have high potential of labor resources and high indexes of the productivity. Their main feature is that these areas are industrial regions with the developed industry and considerable indexes of gross production.

Median 0,22



* size of the diagram represents the amounts of regional GRP

Figure 1 – The matrix of Ukrainian regions types according to the level of competitiveness

The majority of such regions use present advantages of high investment attractiveness. Therefore the strategic tasks in relation to the development of these regions are the maintenance and strengthening of factors of competitiveness, stimulation of foreign investments in a highly technological production, establishing the leadership in the development of competitive positions.

Cherkasy, Kirovohrad and Volyn regions belong to the third type of «**Competitive in prospect regions**». The main features for them are high rates of

social and economic development at medium and low competitive edges. So these regions have high possibilities to hasty growth of competitiveness, substantially require financial investment resources for development of highly effective agriculture, innovative sphere, market infrastructure, business environment.

The strategic tasks of policy of increasing the competitiveness for these regions is the increase of volumes of foreign investments due to the intensive aggressive marketing of investments, they need the priority state support in increasing of the investment attractiveness of regions, creation of effective infrastructure and increasing of the level of efficiency of the present social use and economic and natural resources, as a necessary important pre-condition of improvement of the competitive edges. As the specialization of these regions substantially depends on the development of the agricultural sphere, the most important here is its priority through growth of the efficiency of production, level of profitability, development of the organic production.

The fourth type **«Competitive, but less prospective»** (Transcarpathian, Zhytomyr, Vinnytsya, Mykolaiv, Rivne, Sumy, Ternopil, Kherson, Khmel'nytskiy, Chernivtsi and Chernihiv regions) is characterized as regions with the low level of competitive attractiveness and low indexes of social-economic development, the low level of the development of business environment, low level of incomes and competitiveness of enterprises, insignificant indexes of financial potential and foreign economic activity.

For these regions the expedient thing is the introduction of measures, directed on non-admission of rolling up of the business activity, the maintenance and stimulation of activity of foreign and domestic investors, by influencing those factors which have a decisive value for the increasing of regional competitiveness. The most important thing here is a change of a particular branch priorities to support the development of competitive industries and productions.

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