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MANAGEMENT OF FOREIGN ECONOMIC ACTIVITY IN UKRAINE IN THE POST-CRISIS PERIOD: THE SEARCH FOR OPTIMAL STRATEGY

Although today it is believed that the main components of the crisis have already been overcome, but the question of post-crisis development is just put, while debate of sources of recovery, effective policy measures provoke new controversial questions, rather than provide appropriate responses. According to the prominent foreign and domestic researchers, the global crisis of 2007 – 2009 has strengthened the globalization processes, has accelerated the systematic changes in the global economy – the major developed countries and developing countries approach, new integration organizations form and strengthen, transnational corporations configuration and impact change. However, unexpectedness and depth of the crisis led to the dramatic view of factors and components of the global economy.

Yes, today it is no doubt that over the next two or three years a new configuration of world division of labor will be forming and this requires adequate domestic economic policy of the participating countries of the global economic environment formation.

Consequently, it can be said that global economic metamorphosis taking place in the modern world under crisis, causing extreme necessity in the diagnosis of foreign economic sector of Ukraine to form a strategy for its future development. Such necessity is dictated by the fact that the current economic processes dynamics in external markets and national transformation processes under crisis, determine the need to find the priorities of national foreign economic activity sector in the post-crisis context.

Among the economic priorities the raising of competitiveness of Ukrainian economy is often called. However, we can state that despite some positive developments, competitiveness remains low:

- the characteristic of Ukraine's economy is domination in the production structure of goods with low value-added, which are resource-intensive, with high power input;
- almost complete absence of competition in the domestic market, its small capacity, monopolization and overregulation do not allow to create appropriate conditions for the growth of competitiveness in general (if there is low competition in the domestic market, we can not expect to be competitive in the international markets);
- the share of Ukraine in most dynamic and high-tech markets is low (the high-tech goods export makes up less than 5% of total export of Ukraine);
- Ukraine export of insurance, financial and computer services is only 7-8% of total services export value;
- Forced (because of noncompetitiveness) reorientation of trade flows to the markets of Russia and CIS, which means new additional risks due to economic instability and low productivity of the eastern markets¹.

¹ *Забезпечення фінансової стабільності в Україні в умовах посткризової економіки/За редакцією Я. В. Белінської. - К.: НІСД, 2011. - с.11. [Ensuring financial stability in Ukraine in the conditions of post-crisis economy / Edited by Ya.V. Belinska. – K.: NISD, 2011. – p. 11]*

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Despite the fact that, according to international experts, the crisis may provide countries with transition economies with additional incentives to accelerate the transformations, improving economic structure, increasing its competitiveness and entry into new "niches" of global flows of goods and capital, today is extremely difficult to point for notable structural changes in Ukraine. Foreign economic sector analysis confirms the economic weakness of the country – laying-up of poor economic environment in which determining the structure of exports (which in fact can be a criterion of competitiveness) are industries and spheres with low value-added. Thus, in crisis 2009 year the metal industry has suffered most noticeable losses, but in 2010 with total goods exports (\$ 36.4 billion) and its structure Ukraine, in fact, returned to the levels of 2007 – as previously, the foreign economic "niche" of Ukraine remains technologically low. At the same time maintaining low incomes did not allow to improve the structure of production by expanding consumer markets. That is, as for Ukraine, it can be said that the main factor of economic problems was and remains unreformed noncompetitive economy and its orientation to export raw materials and low-efficient markets. As a result, economic recovery in the world countries, and consequently the increase of foreign economic activity (for niches in the international division of labor recovery) led to significant deterioration of the new foreign economic indicators for Ukraine. Thus, in the first half-year of 2010 the foreign trade deficit amounted to 2 billion USD, and the current account balance was positive (+ 0.6 billion USD), then according to final results of the year past the trade deficit has already exceeded 5.4 billion USD (worsened by almost 3.5 billion USD), and the current account balance became deficit (- 0.7 billion USD (deterioration for 1.3 billion USD)².

This actualizes the issue of a new strategy of management of foreign economic activity, in which megatrends of world economic development in the post-crisis period as well as domestic realities of foreign economic sector functioning would have been treated. This strategy should aim not only eliminate the negative trends in the organization of Ukrainian businesses in global markets, but also be a kind of comprehensive restructuring of department of foreign economic sector.

So, today we can state that despite the presence of sufficiently significant basis for the active participation of domestic companies in the international economic relations, currently foreign economic activity of Ukraine in general may be characterized as ineffective.

Such facts as the lack of goods diversification of Ukrainian exports, focus mainly on commodities and products with low degree of processing (that makes Ukrainian exports strongly dependent on price fluctuations in global market) and a weak regional diversification of Ukrainian exports, orientation mainly on markets from countries with low development level, low level of technological development of Ukrainian exports and lack of competitiveness of Ukrainian products on international markets, inefficient strategies of Ukrainian companies entering global markets, ineffective tools of international marketing, etc. are in favor of this statement.

Therefore, to improve the efficiency of foreign economic activity in Ukraine and strengthen the competitive positions of domestic producers in the international markets, it was important to develop the multi-vector strategy of management of foreign economic activity with separation of individual levels and functional directions of its formation, and we have done it. In particular, three-level strategy of management of foreign economic activity in Ukraine was developed and proposed to implement. It is presented in Figure 1.

² Юрчишин В. Пост-кризове економічне відновлення і перспективи для України//Василь Юрчишин [Електронний ресурс]. – Режим доступу : http://www.uceps.org/upload/yurchyshyn_post-crisis_agrg_2011.pdf [Yurchushun V. Post-crisis economic recovery and prospects for Ukraine // Vasyl Yurchyshyn [electronic resource]. – Mode to access: http://www.uceps.org/upload/yurchyshyn_post-crisis_agrg_2011.pdf]

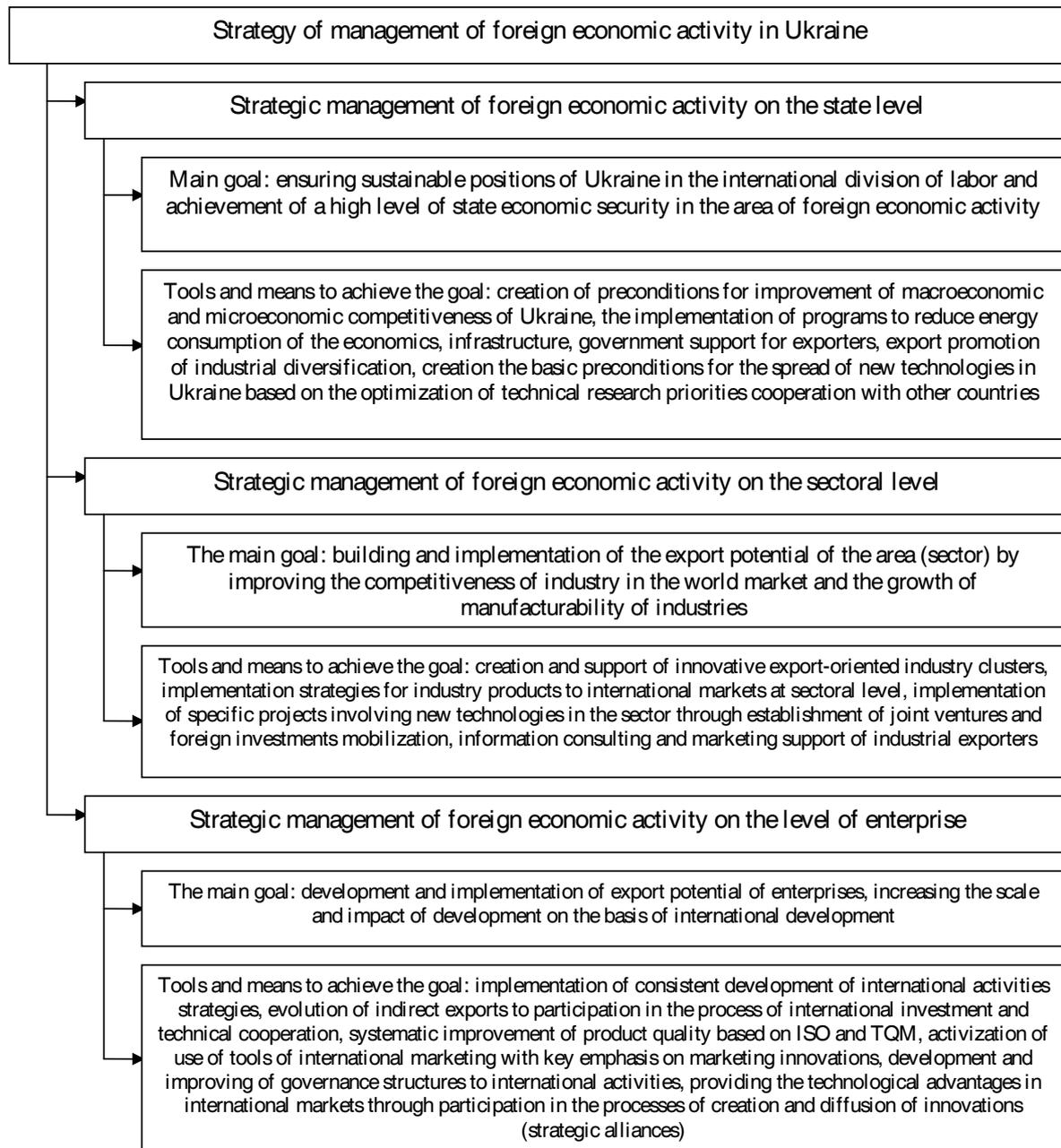


Figure 1. Three-level diagram of the strategy of management of foreign economic activity in Ukraine (developed by the author)

According to the presented diagram, the strategy of management of foreign economic activity in Ukraine shall be provided at 3 levels:

- state,
- sectoral,
- level of individual enterprises – participants of international economic activity.

The highest level of strategic management of foreign economic activity in Ukraine is the state level, where we identified as a strategic goal the need for stable position of Ukraine in the international division of labor and on this basis achievement of a high level of state economic security in the area of foreign economic activity. The means and tools to achieve the strategic goal at the state level are as follows:

- creation of infrastructure and macroeconomic conditions to increase the competitiveness of the economy of Ukraine (in particular, through continuous monitoring of Ukraine's position in the ranking of international competitiveness, which enables to identify key strengths and weaknesses of Ukraine in modern international competition);
- implementation of programs to reduce energy consumption of the national economy (especially in basic export industries – metallurgy, machine building and chemical industries) based on energy efficiency technologies;
- further development of export infrastructure and active government support of exporters (considerable emphasis should be done on supporting export-oriented enterprises of small and medium business);
- encouraging further diversification of the domestic export industries based on the definition of sectoral priorities in support of exporters (particularly through continuous monitoring of indices of competitiveness in the international market area (RCA), the dynamics of demand for the industry in global markets and strategic importance of the export sector to the national economy, which is counted in the proportion of industry in GDP);
- creation of the basic preconditions for the spread of new technologies in Ukraine based on the optimization of the priorities in the scientific and technical cooperation with other countries.

The main goal of strategic management of foreign economic activity in Ukraine at the state level is to create conditions for achieving a high level of external economic state security. Researches show that in the process of further integration of domestic economy in the world economic system, the problems to ensure sufficient level of external economic state security are becoming more relevant. We should note that external economic state security is to minimize the state's losses of the negative impact of foreign economic factors, creation of favorable conditions for economic development through its active participation in global division of labor, correspondence of foreign economic activity to national economic interests³. It should be noted that insufficient attention at the state level to the problems of external economic state security in the post-crisis period may have several adverse consequences for the domestic economy, including especially worthy to mention is fixing for Ukraine the global market niche of raw materials and semi-processed goods supplier, and vice versa – imported goods with high added value consumer, which in turn leads to significant deformation of foreign trade balance structure. It should also be mentioned that in the absence of a clear strategy of management of foreign economic activity of Ukraine at the state level, the processes of the loss of key markets for Ukrainian products (mainly talking about production engineering and aircraft industries) will continue to occur, which will be followed by further degradation of Ukrainian industry and decrease of its manufacturability.

Another problem of external economic security of Ukraine is the lack of product diversification and regional trade ties. In particular, foreign economic activity in Ukraine the geographical factor is critical, namely – excessive dependence on Russian supplies to Ukraine in certain strategically important goods (goods of critical imports) and energy resources, which in fact is a significant threat to the external economic security of Ukraine. The same applies to the factor of product diversification of exports and imports: excessive concentration of trade in specific commodities, increase Ukraine's dependence on external markets and promotes the transfer of risks to the international environment of the internal market of Ukraine. Thus, we can once again

³ Економіка України на шляху від депресії до зростання: джерела, важелі, інструменти / Я. А. Жаліло, Д. С. Покришка, Я. В. Белінська [та ін.]. – К.: НІСД, 2010. – с.41. [Economy of Ukraine on the path from depression to growth: sources, instruments, tools / Ya.A. Zhalilo, D. S. Pokryshka, Ya.V. Belinska [and others]. – K.: NISD, 2010. – p. 41]

highlight the critical importance of ensuring the security of Ukraine in the export sector, which in general causes tasks of its achievement as a priority strategy for managing foreign economic activities at the state level. At the same time studies show that despite the high level of liberalization of foreign economic activity in Ukraine achievement of the strategic objectives of public management is not currently provided, which, in accordance, creates significant external threat to Ukraine's security. Thus, domestic research scientists prove insufficient security of Ukraine in the foreign economic sphere, in particular proving such facts as: the negative balance of foreign trade of Ukraine, lack of coverage of imports and exports of high level of openness of the national economy (especially the negative impact of openness of economy of Ukraine was felt in the period 2008 – early 2009, during which the import to Ukraine volumes were the largest compared to 10 previous years) that in conditions of orientation of Ukrainian exports substantially increases the negative impact of situational risks of the world market on the Ukrainian economy and creates additional external threats to its security⁴.

The next important factor of threats to the external economic security of Ukraine is Ukrainian unfavorable structure of foreign trade. Studies, represented in the national scientific literature, show that imbalanced structure of Ukrainian export and the substantial gap between Ukraine and the leading countries in supplying to the international market of high-tech exports production 4th, 5th and 6th classes of technology is nowadays one of the most significant development problems of foreign economic activity in Ukraine. We can note that one of the most effective mechanisms for implementing a comprehensive strategy of product diversification of foreign economic activity in Ukraine, focusing on the increase in the structure of supply the parts of high technology products to world markets, should be selective state support for exporters, formed on the basis of sectoral priorities for export development. It should be said that the special importance of diversification of export potential of Ukrainian enterprises, which involves optimization of its structure and improve manufacturability, came under the global economic crisis, which turned out that basic export industries – metallurgy and chemical industry – are extremely vulnerable. This experience of foreign trade activities with developing countries (especially such as China, India, Brazil, Singapore, South Korea, Mexico, etc.) indicates that this application of strategy and regional commodity export diversification has provided the foundation of their economic growth and strengthen of competitive positions of their national producers in international markets⁵.

In our opinion, in determining the strategic priorities of export support to specific sectors it can be appropriate to use the revealed comparative advantage index (RCA), which is used by a sector of market analysis of the International Trade Centre UNCTAD. Thus, in the Table 1 the calculated value of revealed comparative advantage RCA for the major export sectors in Ukraine in 2010 is presented.

The estimation made allow us to select 3 groups of sectors (industries) depending on the index of revealed comparative advantage RCA:

- the first group includes sectors with the highest revealed comparative advantage RCA – the so-called basic export sectors – the ferrous and nonferrous metallurgy (RCA index value is 40.2) and the production of agriculture sector (RCA is 13.5);

⁴ Економіка України на шляху від депресії до зростання: джерела, важелі, інструменти / Я. А. Жаліло, Д. С. Покришка, Я. В. Белінська [та ін.]. – К.: НІСД, 2010. – с.43-44. [Economy of Ukraine on the path from depression to growth: sources, instruments, tools / Ya.A. Zhalilo, D. S. Pokryshka, Ya.V. Belinska [and others]. – K.: NISD, 2010. – p. 43-44]

⁵ Белінська Я.В. Державна підтримка експорту: зарубіжний досвід та уроки для України // Стратегічні пріоритети. – 2008. – № 3(8). – С. 128. [Belinska Ya.V. State support of export: international experience and lessons for Ukraine // Strategic Priorities. – 2008. – #3 (8). - p. 128].

- the second group includes sectors with high levels of revealed comparative advantage RCA, primarily concerned light industry – namely, commodity group 62 “production of garments and textiles”, the index of RCA for which is 10.4. Also significant level of comparative competitive advantages can be seen for the technological machinery industries, in particular – the sphere of mechanical equipment, machinery is set at 5.8 RCA. Among subgroups of products of the industry product group 86 “railway locomotives and rolling stock, trams” has index RCA 6.37, product group 89 “ships, boats and other crafts” has index RCA 3.19, product group 88 “aircraft, space apparatus and their parts” with the index of RCA at 2.40;

- the third group includes sectors with low revealed comparative advantage RCA. Estimates show that the lowest level of international competitiveness of domestic products are marked as products of fuel and energy complex, high-tech products industries with high added value, pharmaceutical products, pharmaceuticals, electrical machinery.

Table 1

The value of indexes of revealed comparative advantage RCA for major export sectors in Ukraine in 2010⁶

#	Categories of goods	Revealed comparative advantage RCA
1	Production of agricultural sector	13-Тра
2	Mineral raw materials	4-Сеп
3	Metallurgical products	40.2
4	Chemical products	9-Лип
5	Pharmaceutical products	2-Січ
6	Mechanical equipment, machinery	5-Сеп
7	Telecommunication equipment	0.7
8	Electronic devices	6-Сеп
9	Computer technologies	1-Тра
10	Integrated circuits and electronic components	3-Кві
11	Textiles and clothing	10-Кві

Note that one of the measures aimed at ensuring sustainable Ukraine's position in the international division of labor and to achieve a high level of economic security in the external field should be measures to create macroeconomic conditions and infrastructure to improve the competitiveness of Ukraine's economy. Thus, according to Global Competitiveness Report in 2010, Ukraine won the 70th position as compared with 72nd position in 2009 (with 136 possible). According to the rating results, Ukraine has a worse position in comparison with such countries as Lithuania (40th position), Latvia (43rd place), Hungary (46th position), Poland (49th position), Croatia (56th position), Russia (57th position). According to interim results of the international competitiveness ranking of the countries, relative macroeconomic and infrastructure strengths in Ukraine should be included quality of railway infrastructure (30th position in the world), state debt (26th position in the world), the quality of primary education (50th and position in the world), access to higher education (18th position in the world), the quality of mathematics and science education (46th position in the world), the quality of the education system (49th position in the world), the practice of hiring and firing (16th position in the world), the cost of dismissal of staff (19th position in the world), the ratio of productivity to wages (28th position in the world), control over international distribution (46th position in the world) ability to innovate (40th position in the world)⁷.

⁶ Забезпечення фінансової стабільності в Україні в умовах посткризової економіки/За редакцією Я. В. Белінської. - К.: НІСД, 2011. - с.15. [Ensuring financial stability in Ukraine in the conditions of post-crisis economy / Edited by Ya.V. Belinska. – K.: NISD, 2011. – p. 15].

⁷ Забезпечення фінансової стабільності в Україні в умовах посткризової економіки/За редакцією Я. В. Белінської. - К.: НІСД, 2011. - с.19-20. [Ensuring financial stability in Ukraine in the conditions of post-crisis economy / Edited by Ya.V. Belinska. – K.: NISD, 2011. – p. 19-20]

Thus, based on the study of Ukraine's advantages in international competition, it is possible to say that the competitive position of domestic producers in the international markets in the strategic plan can be based on 2 main factors:

- firstly – first and foremost the basis of competitive advantages of domestic producers in the international markets will create a factor of lower personnel costs at a relatively high level of its performance;
- secondly – Ukrainian producers a competitive advantage in international markets may be formed due to such factors as high intellectual potential and ability of organizations to change. Formation of competitive advantage contributes to overall high level and quality of special education in Ukraine, highly creative and intellectual potential of Ukrainian workers and high capacity for innovation.

However, despite the presence of a number of competitive advantages in Ukraine, Ukraine by the most competitive factors is behind of not only developed countries but also the developing countries as a whole and causes the outsider position of Ukraine in the international division of labor. Thus, among the major deficiencies in the formation of macro-economic competitiveness of Ukraine, it is necessary to include high trade barriers, a significant tax burden on business, restrictions on movement of capital, low efficiency of anti-monopoly policy, poor quality of road and air infrastructure and low professionalism of senior managers, combined with further "brain drain". Thus we can say that the poor quality of infrastructure and institutions is a key factor of low competitiveness of Ukraine. World experience shows that practically all the leaders have such highly developed elements of foreign infrastructure as: an open market economy, free pricing, low customs barriers, competitive market environment, prevalence of private property and its defense, effective tax administration, tax system, controlled taxpayers through representative of democratic institutions, effective government organizations with low levels of corruption, transparent public financial institutions and democratic political system with a high level of political competition, reliable mechanisms of control over the state and bureaucracy, strict observance of laws by citizens, independent judicial system that is trusted by citizens, strong system of law enforcement and enforcement of judgments, minimum gap between formal and informal norms of social behavior.

We should note that very important step in implementing the strategy at the state level of international competitiveness recovery is the strategy of strengthening the competitive position of Ukrainian enterprises through reduction of energy consumption of their production processes. Significant impact on production costs makes energy consumption rate of GDP as a whole, and individual sectors. During the past 30 years, the industry of the developed countries is characterized by a gradual decrease in energy consumption, the global energy crisis in 1973 gave the impetus to this. As a result of developing and implementing strategies for reducing energy consumption in key industries, the energy intensity unit of GDP in developed countries fell from 57% to 35%. However, by the opposite trend is typical for Ukraine and for the past 20 years energy intensity of Ukraine's GDP increased by 31% and industrial production – by 39%⁸. Currently, an important area of improvement of energy intensity level of industrial production in Ukraine according to this basis and strengthening of the competitive position of Ukrainian producers in the international markets is the "Energy Efficiency Economy Program through Innovation for 2010 – 2014", designed by the State Agency of Ukraine for Investments and Innovations in 2009. The program aims to:

⁸ Економіка України на шляху від депресії до зростання: джерела, важелі, інструменти / Я. А. Жаліло, Д. С. Покришка, Я. В. Белінська [та ін.]. – К.: НІСД, 2010. – с.57. [Economy of Ukraine on the path from depression to growth: sources, instruments, tools / Ya.A. Zhalilo, D. S. Pokryshka, Ya.V. Belinska [and others]. – K.: NISD, 2010. – p. 57]

- create the favorable conditions for sustainable reduction of energy intensity of GDP, efficiency and natural energy resources of national economic competitiveness by supporting investment and innovation projects on energy efficiency and energy conservation;
- create of institutional framework for the development of appropriate infrastructure innovation and creation of favorable investment and innovative environment (support of production of new (scientific) knowledge and its commercial use);
- introduce and implement energy saving and energy efficient technologies in accordance with the priorities for innovation, support for innovative business activity in energy conservation and energy efficiency.

Implementation of this Program will allow to introduce new efficient technologies and equipment, primarily in the basic and priority sectors, will reduce the amount of energy resources, natural resources, water and increase the use of alternative and renewable energy in the production of goods and services; enhance energy security of Ukraine by reducing the rate of GDP energy intensity approaching to the level of developed countries of the world. Ultimately the achievement of intermediate objectives of the power efficient economy of Ukraine program is oriented on providing the basic goal – to increase the level of international competitiveness of national economy on this basis⁹.

The second level of foreign economic activity in Ukraine is the level of basic industries (which have the greatest export potential), the main goal of strategic management at the sectoral level of foreign economic activity is increasing and further realization of export potential of the area, the foundation for which is the systematic improvement of the competitiveness of industry in the world market and increase its level of technological development. We have determined the means and tools to achieve strategic goals in the management of international management at branch level, they are as follows:

- initiating and activation of programs of legal, financial and informational support of the innovative export-oriented industry clusters. These measures, in our view, will create a foundation for successful implementation in key export sectors of Ukrainian industry cluster development concept, which is now recognized as key to achieve competitive advantages of domestic producers in world markets;
- implementation the strategies of industry products promotion to international markets, which includes the development and implementation of effective mechanisms to support industrial exporters in their quest to enter to world markets on branch level;
- implementation of specific projects involving new technologies in the industry through joint ventures and foreign investments. Successful application of these measures first requires a clear recognition as a priority in attracting foreign direct investment to areas of the 4th (mechanical engineering, first of all), 5th (electrical and electronics industry, aviation and pharmaceutical industries) and 6th (micro and nano) technological lifestyles. We can determine that the main priority in attracting FDI – investment in the form of new technologies and equipment, technology, product and management know-how;
- comprehensive information and advice, and marketing support to industrial exporters.

Our point of view is that the key focus in the formation of effective strategies for managing foreign economic activity in Ukraine at the branch level should focus on creating internationally competitive industry clusters, as how shows the international experience, the cluster model

⁹ Галузева програма енергоефективності економіки шляхом впровадження інновацій на 2010-2014 роки. / [Електронний ресурс]. – Режим доступу: www.in.gov.ua/index.php?get=497 [Branch program of the economy energy efficiency through innovation for 2010 – 2014. / [electronic resource]. – Mode of access: www.in.gov.ua/index.php?get=497]

of branch systems, with emphasis on new technologies and innovations becomes effective mechanism for increasing the international competitiveness of national producers. Studies have shown that very important task for national economies in the global economic system is to mobilize all resources to increase competitive advantages in the world markets. To achieve this, most of the world uses the cluster model of production, for which, in turn, developed and implemented strategies and programs for economy clustering¹⁰.

The most important feature of industrial clusters is their high competitiveness in the global market, which in turn is achieved by 3 major factors – namely, improving productivity of enterprises and industries cluster, creating the preconditions for innovative development of enterprise clusters and promotion the formation of new business, which supports diffusion of innovation processes and provides the further technological development of a cluster (Figure 2).

Analysis of existing national research on cluster development convincingly shows that Ukraine has considerable potential for clustering, i.e. the stable functioning of the system of interconnected clusters across industries, including important export industries such as machine building, instrument engineering, chemical and light industries, bio- and nanotechnologies to create new materials, information technologies, development of agricultural sector development and food industry. Thus we can state that in point of view, the cluster development of export industries must become the dominant way to build a modern innovation and competitive domestic economy.

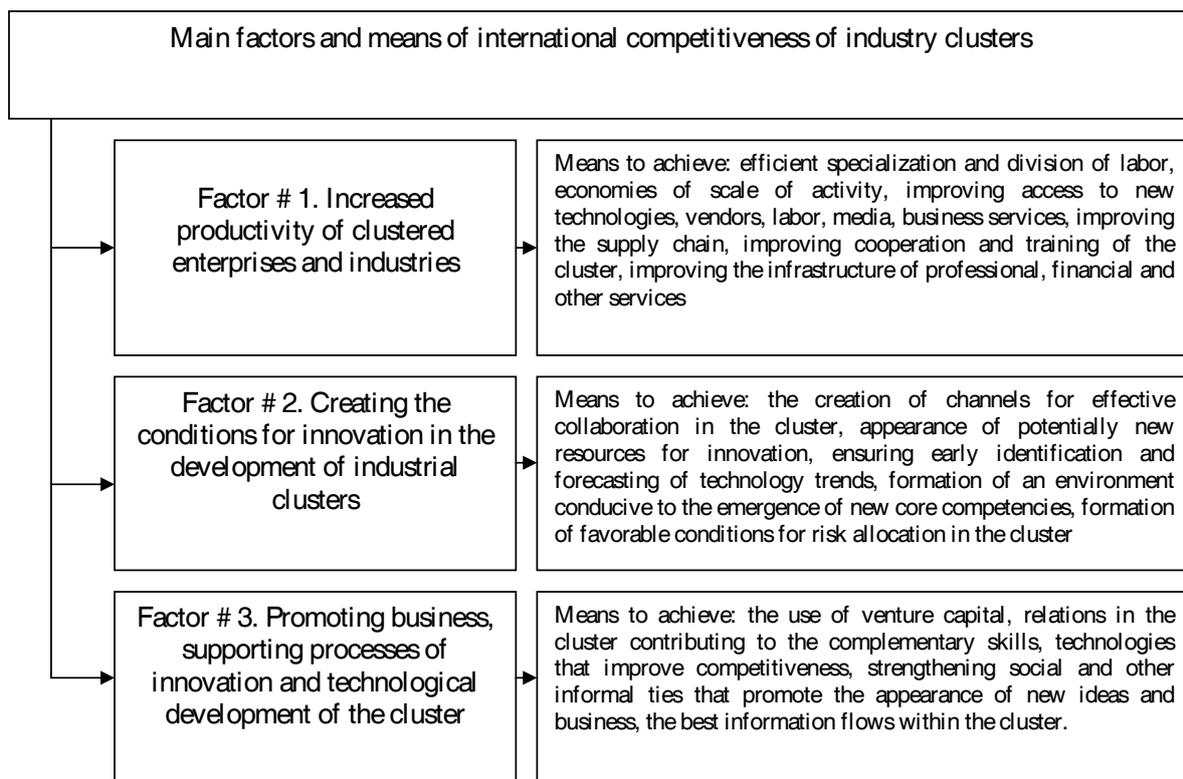


Figure 2. Main factors creating competitive advantages of industry clusters in the world market (developed by the author)

The second level of priority element of the strategic management of foreign economic activity in Ukraine at the sectoral level is the comprehensive strategy for promoting industry products to international markets and providing information and advice, and marketing support for

¹⁰ Глазьев С.Ю. Выход из кризиса. Возможные сценарии развития/ [Электронный ресурс]. – Режим доступа : <http://www.netda.ru/slovo/krizis1.htm>. [Glaziev S.Yu. Way out of the crisis. Possible ways of development / [electronic resource]. – Mode of access: <http://www.netda.ru/slovo/krizis1.htm>]

key industry exporters. The flowchart of the product strategy for promoting the industry product to the international markets, that we recommend to introduce, is as follows (Figure 3).

According to our recommendations, the strategy to promote Ukrainian goods on the international markets at the branch level is implemented in 4 basic steps:

- the first stage in the process of forming a strategy to promote the industry product of Ukraine to the world market provides for a comprehensive study of the conditions, factors and trends in the development of the field operation environment at the global level, which in turn will set the key factors that makes positive or negative impact on the prospects of Ukrainian sectoral products and companies of the sector in the international markets;

- the second stage of the formation of the strategy promoting the Ukrainian sectoral product to the world market process, according to the structural logical diagram, developed by the author, is the determination of the product groups and industry sector companies, which have the greatest potential of competitiveness and most likely can take a strong position in the global market. The main goal of this stage in the sectoral strategy of promotion to international markets is the optimization of product and corporate structure of the international development of the global market;

- the third step in the strategy of promoting the Ukrainian sectoral product to the world market is the development of sectoral strategies to promote key product groups and companies to the international markets. This stage in the implementation of the sector strategy involves identifying the major competitors of national industrial producers of Ukraine in key foreign markets, evaluation of their strengths and weaknesses in competition and development on this basis of the optimal positioning strategy and product promotion of the sector to the world market;

- the final stage in the development strategy of promoting the Ukrainian sectoral product to the world market is to implement a marketing program to promote industry products to the international markets, the main emphasis should be made on activities such as promotion of industry products to the international market by opening the sectoral foreign missions on the key markets, information and promotional support for sectoral product promotion in global markets through participation in organizing the international exhibitions, formation of common marketing channels of Ukrainian industrial exporters in the key foreign markets and advertising information activities to create a positive image of the sectoral production of Ukraine in the world market.

The third level of the strategic management of foreign economic activity is the level of specific domestic companies which act as subjects of international economic activity. The main objective of strategic management of international management at the level of individual economic enterprises is active development and realization of export potential of enterprises, promotion of the growth of the scale and impact of their activities on foreign markets. The means and tools to achieve strategic goals in the management of foreign economic activity at the level of individual enterprises are as follows:

- implementation of a coherent strategy of international activity that involves the evolution of forms of Ukrainian companies penetration – from simple models of indirect exports (which, as researched have demonstrated, is currently still the main variant of the strategies of domestic companies to penetrate overseas markets) to complex models of the international network companies that have diversified manufacturing assets abroad and broad participation in the programs of international technological cooperation (international cooperation and strategic alliances);

- systematic improvement of quality and competitiveness of Ukrainian companies that provide programmatic certification standards of the ISO family and implementing effective quality management systems based on TQM;

- intensification of the use of instruments of international marketing in Ukrainian companies in the world markets, which involves the application of effective procedures to filter the international markets and reasonable selection of the most appropriate target segments based on set of criteria. An important emphasis in complex international marketing of Ukrainian companies in the international markets should be made on the construction of marketing commodity policy based on innovation, which in turn requires the development of mechanisms for planning and management of new products to the needs of international the markets;
- dynamic development of organizational structures of international activities of the Ukrainian companies, which includes continuous improvement of management systems of foreign economic activity of the enterprises, gradual shift from functional management structure of foreign economic activities (with the application of the models of direct and indirect exports) to divisional structures with construction on the product or regional principle (at transferring to models of joint enterprise or foreign direct investment) with the continued evolution and complication of foreign economic activity of Ukrainian companies provided the transition from divisional management structures to the project and matrix organizational structures;
- providing with the technological advantages in the international markets through participation in the processes of creation and diffusion of innovation through participation in projects of international technical cooperation (particularly in the technology of international strategic alliances).

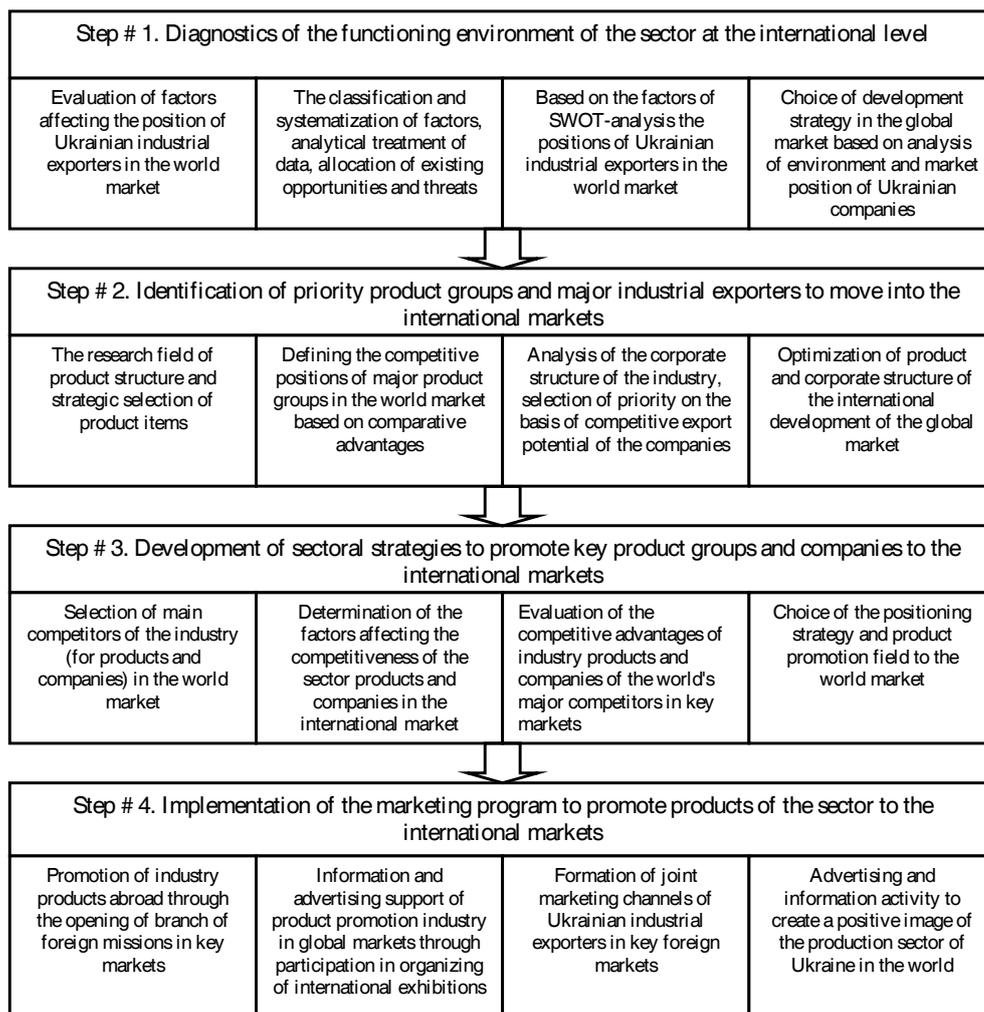


Figure 3. The flowchart of the strategy to promote Ukrainian products and companies in the international markets at the sectoral level (developed by the author)

As a result of our research we can draw certain conclusions. Today Ukraine is still trying to cope with global economic crisis that has which covered almost all areas of the state life. The improvement of macroeconomic indicators in 2010 still does not give us the reasons to talk about the way out of crisis and new phase of economic growth. Restoring of the economic growth is provided mainly to improve conditions for Ukraine's traditional export markets. Thus, certain macroeconomic stabilization under long preservation of the structural imbalances of the domestic economy does not give us the reasons to make conclusions of securing it from potential financial and economic shocks in the near future, the complex of problems that pose risks of crisis recovery remains unsettled.

Considerable depth of lesion of the economy of Ukraine by the global financial and economic crisis demonstrated the need for modification of Ukraine's participation in the international division of labor in order to strengthen resistance to fluctuations of world markets and greater use of national resources potential. Analysis showed that the structure of Ukrainian exports is characterized by a large share of raw material orientation and low value added, which exhausts the domestic resource base and makes the economy extremely vulnerable to external shocks. Taking into account changes in the international division of labor, because of the global financial crisis, there is a need for concentration of activities within the strategy of foreign economic activity, determining the strategic guidelines for the functioning of domestic enterprises in the world markets. The goals of the strategy should be the strengthening the role of Ukraine in the international division of labor and promotion of competitiveness of national exports in the world markets. We should also mention that the post-transformational changes which are occurring in the global economy and are accompanied by replacement of the dominant class of technology, open possibilities for economic growth. It requires that countries try to enter the post-industrial trajectory, the concentration of resources and government support for increasing the competitiveness of industries with high added value and to formation of the key industries of new technologies.

In this study we developed and offered to implement 3-level system of strategic management of foreign economic activity that involves developing the strategy at state, sectoral and microeconomic levels. It is necessary mention that the implementation of the strategy of foreign economic activities at state and sectoral levels forms the basic preconditions for international competitiveness and external capacity of domestic producers. In turn, the practical realization of foreign economic potential of Ukraine is carried out at the level of foreign economic entities, thereby actualizing this field of research as the formation of effective strategic management of international activities of the Ukrainian companies at the microeconomic level. When implementing this strategy Ukraine has a chance not only to minimize the negative impact of economic recession but also provide resistance to new management challenges of the global economy and join the cohort of the most dynamically developing countries that have energetic processes of post-crisis recovery.