

STRATEGY OF PUBLIC-PRIVATE PARTNERSHIPS DEVELOPMENT IN CRISIS

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Abstract

The role of strategy of public-private partnerships development through information is examined. The informational nature measures, the implementation of which help to promote Ukrainian innovative products on foreign markets, are identified. The urgency of implementing the strategy of public-private partnerships to intensify foreign trade with innovative products in crisis period is substantiated.

Key words: *information society, foreign trade, innovative products.*

JEL Classification: *F15*

I. INTRODUCTION

Integration in time of crisis lead to changes in the structure of the world economy, and therefore the global market. Its transformation caused by scientific and technological progress, organizational forms of production and economic activity and commodity products trade. This requires a proper response of national economies in the formation of their strategies for global competitiveness and finding effective ways of further development of the information society. In order to ensure competitiveness in the global market significant impact provides influence of the informational progress and innovation of products, which leads to a new configuration of the global market elements and areas of operation. According to the World Bank, trade with innovative products account for almost 10% of global exports.

The main objective of the Concept of National Innovation System (Dispositions of Cabinet of Ministers of Ukraine, 2009), is the increasing of the share of high-tech products in the export structure of Ukraine 5-7 times (The Law of Ukraine, 2004). That means share of such products within a decade should reach of 6-8%. Thus, Ukraine's integration into the world market of innovative products requires specialization in manufacturing of innovative goods, foreign trade with which will provide a competitive advantage in terms of increased competition. The inclusion of Ukraine in the international innovation space requires deep and comprehensive research of ways to increase innovative components in export-import operations. This determines the relevance of the research theme.

The aim of the article is determining the importance of PPP, developing strategic model of cooperation and strategic program of PPP in crisis based on the extraction of information levers of activation Ukraine's foreign trade with innovative products, the implementation of which will increase national competitiveness under conditions of dynamic international environment.

II. THE IMPORTANCE OF PUBLIC-PRIVATE PARTNERSHIPS IN TIMES OF CRISIS STAGE

As the degree of using innovative capacity provides transformational changes in the structure of the domestic economy and foreign trade sector, and therefore determines the competitiveness of the country in the international format, the main regulator of social processes - a state should form some impact "point" on the production process through public-private partnerships (PPP). As the theoretical, methodological, and practical plane, the effectiveness of levers of influence on production is determined by the degree of elaboration of the theoretical foundations of the state regulatory policy to intensify innovation processes in the national economic system through a strategy of construction public-private partnerships.

To facilitate international activities through PPP early as 2010 must have been prepared project "Development of technology to promote local goods and services for global markets by using information and communication networks" (Dispositions of Cabinet of Ministers of Ukraine, 2008). However, its creation

remained declarative commitment of the Ministry of Industrial Policy of Ukraine without the actual implementation. The analysis of legal framework to determine the presence of other projects to promote public-private partnerships in Ukraine's foreign trade did not show such documents. This gives grounds to state that there is no formal framework to stimulate export-import operations with innovative products.

Providing appropriate market economy state support of Ukraine's foreign trade with innovative products is considered as government actions or initiatives to influence the innovation processes in industries to enhance the competitiveness of their products in the international format.

III. STRATEGIC INTERACTION MODEL OF PPP IN TIMES OF CRISIS

To achieve the strategic goal of the PPP it has to solve a range of state policy tasks in the information and analytical focus in the short and the long run through the creation of innovative products. Establishment of a strategic interaction model of public-private partnership through the creation of innovative products becomes significant importance (Fig. 1).

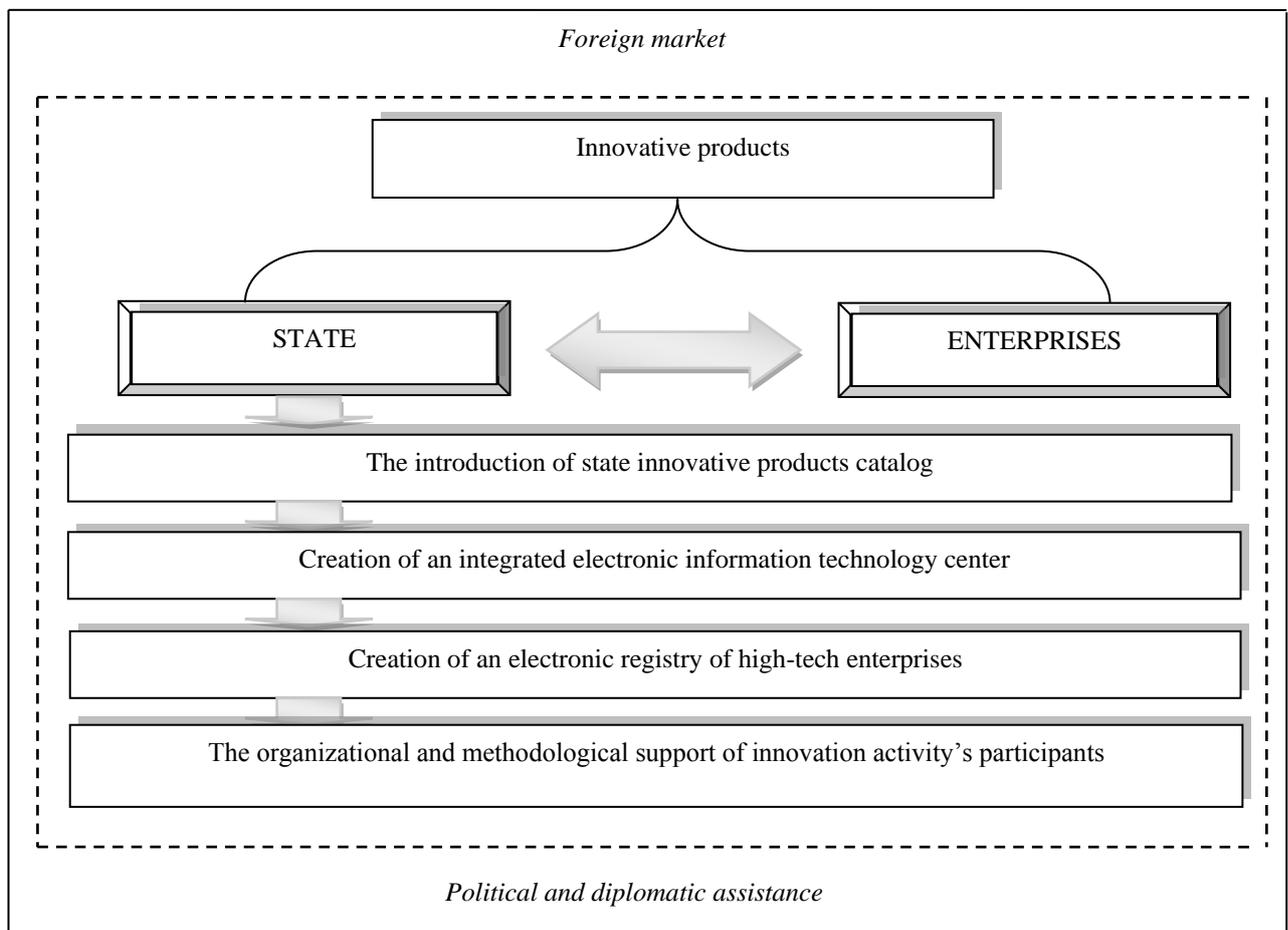


Figure 1. Strategic interaction model of PPP for innovation activity

The manifestation of the government proper attention must be the formation of a unified information system of foreign trade and the consumer market of innovative products as an information center. It has to collect and publish information about the condition and prospects of the national innovation market.

An important element of systematizing information system must be periodic publication data with the possibility comparison of it from any other informative publications that will provide coverage of the current market situation and allow making management decisions by producers, public authorities and potential investors interested in presence on a particular product market.

In practice, the effectiveness of informational support can be confirmed by Catalogue innovative products of Ukraine, which provides information about the performance of the most export-oriented high-tech.

This instrument of the development promoting of foreign trade, based on the methodology described in Handbook on economic globalisation indicators of OECD (OECD Publishing, 2009), has long been used in Belarus, Russia, Israel, China and other countries.

The wide availability of information about the development of high-tech sector can be achieved by creating a single electronic information register of technology, which includes patents, licenses, implemented innovative projects of national origin and foreign countries, which are interested in maintaining their exclusive rights. Currently, by Ukrainian Institute of Scientific-Technical and Economic Information of the State Agency on Science, Innovations and Informatisation created the prototype of such registry (Ukrainian Institute of Scientific-Technical and Economic Information). However, its base is quite narrow, because it contains information about nearly five hundred technologies (database "Ukrainian Promising Inventions" contains information about 209 inventions) (State Enterprise "Ukrainian Industrial Property Institute"), while in Ukraine the number is, according to various estimates, more than 10 thousand units. In the future, it is necessary to ensure the integration of the national technology database with international. This will eliminate the problem of asymmetric information, guarantee publicity of national developments and form the foreign demand for them. This information platform can be used by Customs as a preventive tool in the fight against counterfeiting for imports and exports to improve image of Ukraine. Also need to set up an electronic register of companies - manufacturers of innovative products, based on the existing identification methods of the Ministry of Industrial Policy of Ukraine. Formation of such a list should help to eliminate the manipulation of preferential taxation of the foreign relations and economic activity in the high-tech sector. It is also necessary to correct the list of high-tech products that will provide a vision of the true state and trends of Ukraine's foreign trade in the product concerned. Only the application of harmonized methodological approach to the comparison worldwide does not distort reality, and therefore, the data will be deprived of scholastics and have economic meaning.

Experience in many countries proves it's useful to create organizational and methodological support of participants innovation in the data center. It can be specialized information resources (e.g., an Internet site), which explains how to develop a business plan, find a venture investor, the order of IPR protection, procedures for grants and financial support from various sources, standard draft contracts, thematic database and so on. Innovative Information and Coordination Centre perform these functions in developed countries. Such activities in Ukraine can be performed by State Agency for Investment and National Projects of Ukraine.

Organization of Ukrainian single innovative information center can effectively influence the technological development in two ways. First - providing information services to exporters of innovative products about opportunities of trade operations, entering international markets and strengthening them, expansion of foreign economic relations and range of exports. The second - providing information services to domestic producers and executive bodies about market conditions, including the import of those innovative products that contribute increasing the general level of prices.

Making aggressive and effective economic policies of other countries in the world markets are accompanied by political levers of influence, which produce additional benefits for trade expansion of national exporters. An effective instrument of promoting Ukrainian innovative products on foreign markets may be politically and diplomatic assistance, including departure the country officials abroad to facilitate the participation of Ukrainian producers in implementing large-scale international projects.

Consideration of proposed information levers of exports increasing contribute investment flows implementation and efficiency of PPP. Successful export expansion provides an opportunity to raise wages that help to expand the domestic market. This, in turn, should invite aggravation of competition and therefore encourage national producers to intensive use of national innovative capacity that activates positive structural changes in Ukrainian economy.

Assessment of PPP capacity on the innovative products basis.

Effective implementation of strategic interaction models of public-private partnership in crisis is possible after a thorough evaluation of possibilities of Ukrainian companies to produce innovative products.

The research of Ernst & Young found that Ukraine is one of the 25 fastest growing countries. According to research of companies Citibank and Bloomberg Markets Magazine Ukraine has got in the 15th largest economies, investment in which for investor predict the greatest profit. However, according to statistics inflow of foreign direct investment in 2011 compared to 2010 decreased by 43% (Forbes, 2012).

The ability to create innovative products of Ukrainian enterprises is determined. Figure 2 shows the dynamics of innovation active enterprises in Ukraine.

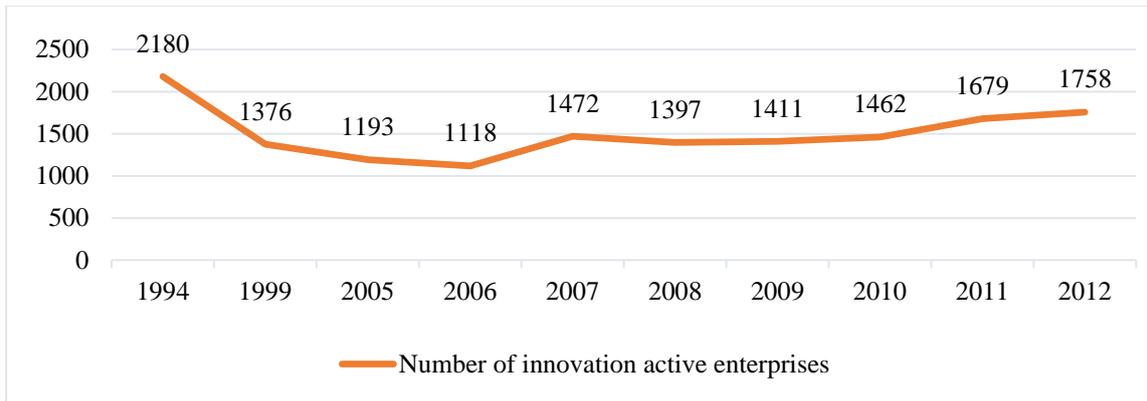


Figure 2. The dynamics of innovation active enterprises of Ukraine
(State Statistics Service of Ukraine)

In our opinion, the increase in the number of innovation active enterprises in Ukraine will lead to the economic growth in the state. From the analysis of Figure 2 can see that during 1994-2006 the number of innovation active enterprises decreased significantly, namely by 48.7%. Nevertheless, since 2007 their number started to grow. This was due to the adoption of the State Strategy 2006 for the period up to 2015, which proves necessity of permanent promotion of efficient PPP.

Analysis of innovative products sales for 2004-2012 years showed tendency to decline of the sales value of such products, which is shown in Figure 3.

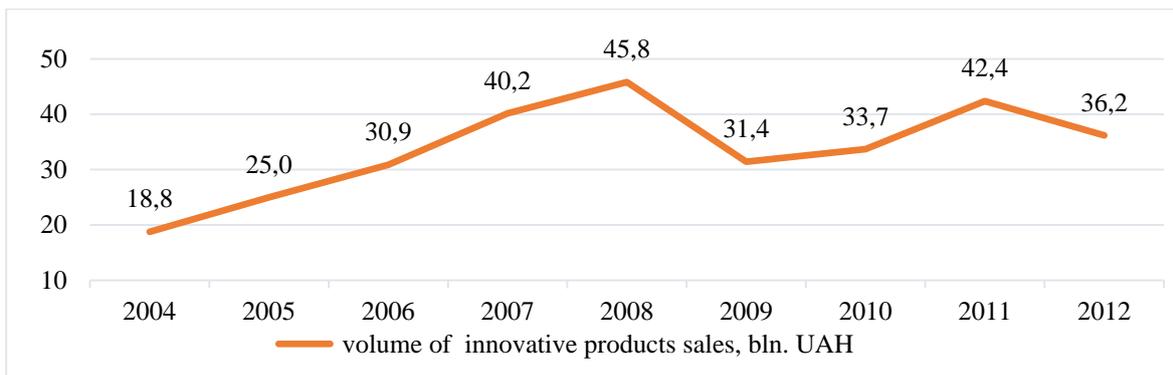


Figure 3. The dynamics of innovative products sales, bln. UAH
(State Statistics Service of Ukraine)

The dynamics of innovative products sales for years 2004-2012 showed increasing in such products sales during 2004-2008, recession to 31.4% in 2009, growth at 7.2% in 2010 and 25.8% in 2011, downturn at 14.6% in 2012 compared to the previous period. The recession in 2012 indicates ineffective policy of public-private partnership and its further deterioration can lead to a reduction of innovation potential.

One of the evidence of reduction in innovation potential of Ukraine in the future is the calculation of the innovative products share in the total sales of industrial products and GDP, which are shown in Figures 4 and 5.

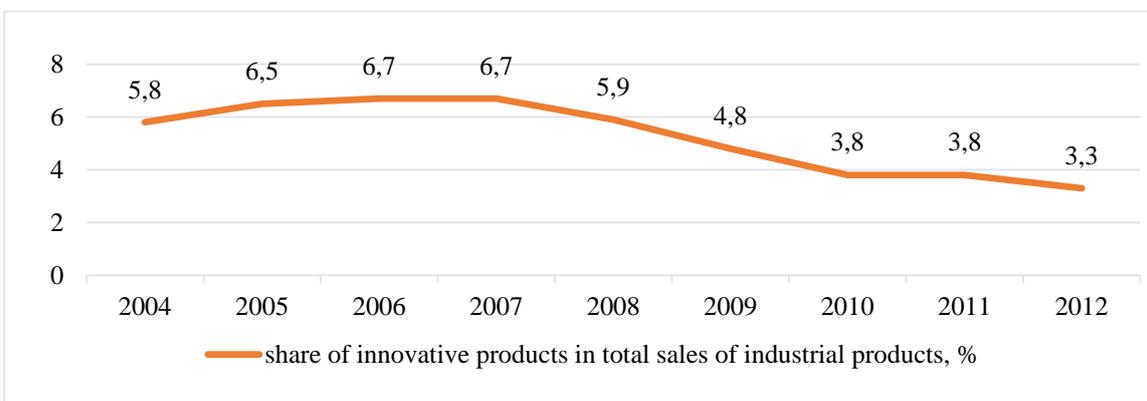


Figure 4. Dynamics of the share of innovative products in total sales of industrial products, %

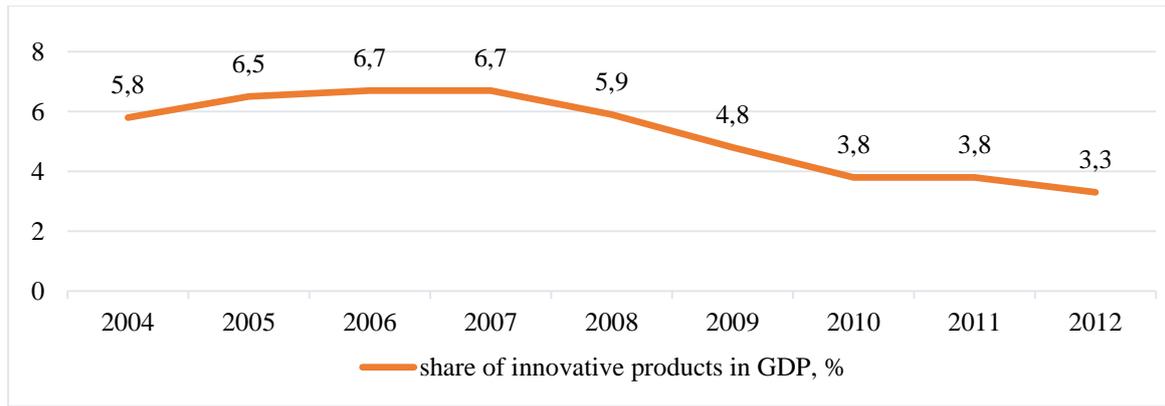


Figure 5. Dynamics of the share of innovative products in GDP, %

(State Statistics Service of Ukraine)

Consequently, the share of innovative products in total sales of industrial production remains low. In 2012, this indicator was only 3.3%, while the share of innovative products in relation to GDP - 2.56%. The reduction from 2006 of these indicators proves destructive processes of producing innovative products in Ukraine.

In our opinion, one of the ways out of this situation can be cooperation with foreign TNCs. In Ukraine, there are 830 affiliates of TNCs from 30 countries in more than 50 sectors of manufacturing and service sectors (Business Monitor Store).

In view of the limitations of public financial resources to stimulate innovation development of Ukrainian enterprises and of the national production potential, should create the conditions under which foreign TNCs be interested in cooperation with Ukrainian companies. The first step towards establishing of PPP must become of large-format transparency policy, ie awareness about the conditions and future directions of innovation activity, which is only possible with the participation of PPP.

IV. THE ELABORATION OF A STRATEGIC PROGRAM FOR THE PPP DEVELOPMENT

In the long term, development of foreign trade in Ukraine should promote cooperation with leading companies in the world, and the formation of strategic alliances with them based on lasting economic partnership. This process of internationalization of R & D and production of innovative goods may take the form of: international use technologies developed in Ukraine and international scientific and technical cooperation between Ukrainian and foreign partners for developing know-how and innovation. In this context it is necessary to develop a strategic program for the PPP development of the country (15-20 years), balanced by key socio-economic indicators of high-tech industries. For the preparation of it should be attracted Institute of Economic Forecasting of NAS of Ukraine.

For development of conceptual principles of foreign trade development strategy for 30-50 years, should create the conditions for strategic planning by establishing a system of scientific prediction and foresight innovative technologies.

Effectiveness of Information levers of development of foreign trade in goods with high added value must provide progress of all sectors of the economy on the basis of national innovative capacity. Reducing the information vacuum in Ukraine provide strengthening its competitive position and facilitate the transition from the "catch-up" to the advanced development in the long term. The comprehensive and systematic approach to perform the tasks contribute increasing of the innovative products share in total exports in the long term. Because of this must take place increasing of real incomes Ukraine permanently.

V. CONCLUSIONS

Integration determine the urgency of question about substantiation of development strategy in PPP based on instruments of activation foreign trade with innovative products. The task of the government of Ukraine is implementing external positive change in the accelerated growth of domestic value added, employment and income. Support only on market forces and active social policy is not enough. Transformation of specialization and structure of the national economy requires additional steps in the sphere of information progress, which is considered as one of the drivers of the Information Society and is impossible without PPP.

Prospects for future research should direct on forming a "bifurcation points" of activation foreign trade with innovative products in the fiscal, organizational and infrastructural direction for competitive industries of Ukraine.

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