

DEINDUSTRIALIZATION OF THE ECONOMY WITHIN THE CONTEXT OF ECONOMIC SECURITY OF UKRAINE

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The research is based on the study of macroeconomic and branch information and reflects the destructive tendencies in the functioning of the industrial sector of the Ukrainian economy. Special attention is paid to the assessment of the existing capacity of the basic sectors of the processing industry. The ability of the economy to achieve sustainable growth is assessed. The priorities of the state industrial policy are defined, which is aimed at the revival of the economic potential as well as to provide competitiveness and economic security of the country.

The external and internal shocks experienced by modern Ukraine have exacerbated the problem of national security, first and foremost – economic security. Its main feature is the ability of the national economy to achieve sustainable and balanced growth, ensuring competitiveness in the global economic environment.

It is the economy's ability to sustainably develop a particular issue. Now Ukraine is in a dangerous position. In recent years, GDP in dollar terms has halved, almost to the level of 2005. Gross external debt exceeds the critical level of economic security. In the ranking of global competitiveness Ukraine for the year dropped from 79 to 85 place. So overcoming negative macroeconomic trends, increasing the level of economic security is one of the priorities of preserving the statehood of the country. The most important factors are the maximum effective use of existing production capacities, their modernization, the growth of the level of innovation and the competitiveness of production.

Instead, during the entire period of market transformation in the manufacturing sector

of the Ukrainian economy there is a negative dynamics. The industry was the deepest destructor. In 2000, the product industry reached only 58% of the 1990 level. In the future, the destructive tendencies only increased: the physical deterioration of fixed assets exceeded 76%. Innovative business activity does not match optimal indicators of economic security. Innovation is implemented by no more than 15% of enterprises. The share of innovative products in the total volume of sales – 1.4% – is twice lower than the critical indicator of economic security. Deindustrialization of the economy has become a chronic process. Ukraine produced the majority of products of the basic industries of economy at the level of 1960–1965. At present there is almost no own electronic industry, the production of heavy machine-building and machine-tool products has been lost. The extremely devastating situation has taken place in the automotive, shipbuilding and aircraft industry industries and other leading industries.

Preventing the final de-industrialization of the country is impossible without creating an effective institutional base for state support of industry. The economy needs a systemic industrial policy aimed at structural adjustment, a priority development of hi-tech high-tech industries, an innovative revival of industries in which there is still a significant competitive potential and which provide a significant multiplier effect. In the implementation of innovative projects, it is appropriate to rely on public-private partnership. Necessary credit support and stimulating tax policy aimed at attracting private business to innovation and modernization.