

Main threats of transnationalization to economic security of the national machine building industry

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Ensuring of national, including economic, security is one of the key interests of Ukraine in the conditions of foreign military aggression by Russia, macroeconomic instability, severe loss of purchasing power and the corporate sector. Additional hazards are the transnational companies (TNCs) operating within the Ukrainian market. In modern literature most of the attention is paid to the positive aspects of TNCs in the market of the recipient country. Transnationalization is the most essential element and one of the important regulators to ensure the development of the world economy.

To understand the threats to the national economy from the activities of TNCs, it is necessary to analyze their reasons for entering the markets of other countries. Nowadays TNCs arrange a circuit of investment, trade and technology motion among the states. The governments of host countries offer certain benefits to TNCs and sometimes create several advantages for their activities, taking into account their impact on domestic production, trade, balance of payments and employment, and mainly encourage foreign direct investment (FDI).

When choosing a host country, TNCs evaluate its geographical location, the local market from the point of view of its capacity, availability of resources, political and economic stability, conditions of foreign investment, taxation, level of infrastructure development, possibility of repatriation of profits and others. This leads to the maximization of economic profit and increase the economic impact on national economic systems.

However, the activities of these companies is often ambiguous and controversial because it can cause a number of threats

unless the economy as a whole, its individual industries or sectors of the economy.

It is typical for TNCs to speculate their incremental possibilities for input and output from the certain markets their capacity to get for themselves more benefits for operation within the host country.

The activity of TNCs and foreign direct investment in Ukraine is considerably inferior to other countries of Eastern Europe and the CIS. But Ukraine would remain attractive to the activities of TNCs in specific industries and sectors. The most attractive sectors of Ukrainian economy for TNCs are food industry, mechanical engineering and metal processing, financial, insurance and trading areas.

The entry of Western TNCs in the domestic economy was accompanied by the infusion of new technologies to improve the quality of management, increasing productivity, which characterize Western companies. However, investors are interested only in highly profitable sectors and industries of the economy that may negatively affect other areas of the economy.

Despite the significant number of opportunities for the development of the economy of Ukraine by TNCs, there is much greater number of threats to economic security. First of all, we should consider dangerous processes of mergers and acquisitions, through which powerful TNCs monopolize the market not only within one country, and even a number of them.

Development of national TNCs could be one of the most effective tools of reconstruction of the Ukrainian economy and ways out of economic dependence upon other countries. Foreign experience shows that the

national capital is able to compete with foreign TNCs only when it is structured itself into powerful financial and industrial associations, which are adequate to international counterparts, and is able to pursue an active foreign policy.