

INDUSTRIAL PARKS AS A TOOL FOR PROMOTING INDUSTRIAL ZONES DEVELOPMENT IN UKRAINE

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Abstract. *In the article the necessity of a new way of increasing the investment attractiveness of the regions, new jobs creation and formation «the points of economic growth» is grounded. It is revealed that the most common tool to stimulate investment activity in the developed countries is industrial parks. The essence of the industrial park under Ukrainian law and its main types are considered. It is revealed that the main advantage of industrial parks compared with other similar economic mechanisms is a more advanced system of organizational, informational and financial mechanisms to stimulate the process of their creation and operation. The possibilities of creating industrial parks in the Ivano-Frankivsk region are considered. Typical obstacles to the establishment of industrial parks on the example of Hryplyn Industrial Investment Zone are analysed. It is proved that principles of Hryplyn Industrial Investment Zone meet the basic requirements for successful operation of the industrial park. In the condition of appropriate measures of state support it can be a powerful catalyst of economic growth in the region.*

Key words: *Industrial Investment Zone, Industrial Park, Investment, Economic Development*

1. Introduction

Today the main task of the state government is to stimulate investment activity for overcoming the protracted economic crisis. Choosing the best mechanism for promoting economic activity is challenging and requires a detailed study of strengths and weaknesses, threats and opportunities of economic development of the territory. In view of the negative factors that shape the business environment in Ukraine, it is obvious that the state should carry out active measures to create favorable conditions for economic development of the territory. We believe that in Ukraine there is a need in the application of special economic regime of economic activity as a necessary factor to stimulate investments in industrial production and improve its structure.

2. Materials and Methods

In developed countries a tool of stimulation economic development of depressed areas and creation of "points of economic growth" is industrial park. Industrial parks facilitate investment and the dissemination of technological knowledge and innovation. With the potential that generates comparative and competitive advantages, industrial parks attract innovative businesses, leading to an increase in the number of jobs and tax revenue.

Industrial parks are classified according to different characteristics:

- 1) specialization: technology parks, science parks, eco-industrial parks;
- 2) form of ownership: public, private, and created under a public-private partnership;
- 3) construction of land: "brown" (brownfield), if the park is created on the basis of former industrial sites that are not used, and "green" (greenfield), if the industrial park is created on unsettled territory, which has never been used and processed.

In Ukraine the initial stage of formation of industrial parks was the adoption of the Law of

Ukraine "On the industrial parks" № 5018-VI from 21.06.2012. According to this law, industrial (industrial) park is a determined by an initiator of the creation of the industrial park according to planning documentation area equipped with proper infrastructure, within which members of the industrial park can engage in economic activities in the industrial production and research and development activities in the field of information and telecommunications under the conditions defined by the Law of Ukraine "On industrial parks" and agreement on the economic activities within the industrial park [1].

Consequently, pursuant to applicable regulations industrial parks should be seen as administrative and multi-vector market mechanism, through special organizational and economic conditions should ensure the implementation of structural reforms and technological modernization of Ukraine's economy, stimulate investment activity in the regions of their location, solution of socio-economic problems of regional development and the formation of "points of regional growth."

The main advantage of industrial parks in comparing with other similar economic mechanisms (special economic zones, territories of priority development, technological and scientific parks) is more advanced system of organizational, informational and financial mechanisms to stimulate the process of their creation and operation that meet WTO rules [2].

The initiators of the creation, management companies and industrial parks participants included in the Register of industrial parks can be provided by government support. They are exempt from share participation in infrastructure development of settlements in case of construction projects within the industrial park, as well as the customs duty on the import of machinery, equipment and components that are not produced in Ukraine and is not taxed goods, to implement in economic activities within industrial parks. However, the released funds must be spent on the improvement of industrial parks, the introduction of new technologies, increasing output and reducing costs by type of economic activity, the implementation of research activities, repayment of loans and payment of other loans and interest on such loans and borrowings. In addition, management companies and initiators can receive interest-free loans, target financing on irrevocable basis for the installation of industrial parks.

But this is only the framework conditions for the operation of industrial parks that provide the opportunity, but do not guarantee government support. The introduction of real measures to encourage the development of industrial parks in Ukraine is late.

3. Empirical Results

To attract investments in priority sectors of the economy, the creation of modern industrial and transport infrastructure, increasing employment in Ivano-Frankivsk region investment zone is established on the basis of Hryplyn Industrial Hub.

It should be identified the following principles of Hryplyn Industrial Investment Zone (HIIZ) formation:

- 1) openness and transparency, providing complete and accessible information on the activities of local governments towards the development of industrial and investment zone;
- 2) providing systematic functional interconnection of all the elements of industrial and investment zone;
- 3) implementing the mechanism of industrial and investment zone development;
- 4) equality of rights and lawful interests and opportunities for domestic and foreign investors;
- 5) efficient use of available industrial space, located on the territory Hryplyn Industrial Investment Zone.

Today Hryplyn Industrial Investment Zone hosted 31 companies and organizations, which employed about 1.6 thousand people, and in particular:

1. LLC "Electrolux Ukraine", one of the world's leading manufacturers of household appliances. The total volume of investments in the project amounted to over 50 million. UAH.
2. LLC "Tyco Electronics Ukraine Limited", one of the world's leading manufacturers of electrical equipment and components. Currently create about 500 jobs.
3. JSC "Presmash", which specialization is to design, manufacture and supply of

mechanical presses. On the basis of JSC "Presmash" the project of manufacturing plants for briquetting straw, sawdust, husk of sunflower seeds and the project of design frames for solar panels production is implemented.

4. LLC «Scientific-technical enterprise Bioenergy company "UOMI"», which carries out scientific and practical developments in the field of clean and energy efficient technologies.

5. LLC "Mikrol", the leading manufacturer of industrial automation in Ukraine. Products of LLC "Mikrol" is used by leading enterprises of Ukraine and exported to the CIS [3].

The main problems that are inhibitory factors in development of HIIZ are as follows:

1. Problems that occur at the state level and be addressed by improving the legal regulation in the sphere of land relations.

2. Ambiguity, complexity, bulkiness and changeability of regulatory framework.

3. Excessive over-regulation of licensing and conciliation, their lingering duration, deliberate delay by police licensing services.

4. Lack of a database of available land plots.

5. Insufficiency of land areas.

6. Problems inherent the economic sector of the city and can be solved locally by joint efforts of government, NGOs and businesses:

- the problems of financial security;

- complications of permit system on the local level (requirement of permits and approvals are not required by law), low executive discipline of licensing services employees;

7. The need to update and improve existing infrastructure of HIIZ:

- The transfer of power lines;

- Laying the roads;

- Continuation of the pipelines, water supply, drainage, etc.

8. Relations between the executive committee and village councils in land matters concerning the development of investment and industrial zone:

- Lack of approved boundaries of HIIZ

- No decision of the session on the general plan of HIIZ.

One of the measures of a comprehensive program of investment activity in Ivano-Frankivsk region for 2013-2015 is to study the possibility of land plots in HIIZ purchasing to create an industrial park. An urgent need for improving the investment environment of the city is conducting a complete inventory of all land of that zone. It will identify vacant land plots and create a database. Until now it has been conducted an inventory of land (276 hectares) in HIIZ, located on the undeveloped part of the zone. It has been compiled the list of land plots and their owners. However there are some difficulties in forming investment sites as these sites need to be bought from the owners. There are certain limitations due to the fact that some lands in HIIZ are with reclamation systems. Write-off procedure is lengthy and requires certain financial costs.

After introducing financial and other economic incentives for the participants of the industrial park, as well as overcoming administrative barriers and financing of start-up costs for the registration of industrial parks is important to give a push for the formation of industrial base territory. In future it will ensure the growth of the economy and increased tax revenues.

The experience of developed countries demonstrated the effectiveness of industrial parks as an effective instrument of support for innovation and investment activity. However, we agree with I. Egorov and Yu. Ryzhkova, who noted that one should not consider this form of organization of economic activity as being able to solve all the problems facing the country. Industrial parks can operate stably and develop rapidly only if the related reforms in the economy are made and in the condition of an effective legal system that enable to apply the existing laws [4, p. 9].

4. Conclusions

We believe that in Ukraine industrial zones has already formed that requires institutional framework through the establishment of industrial parks at their territory. The introduction of effective financial and other economic incentives for industrial development within the industrial park will help to form a so-called "points of growth" that will become the driving force of economic and social development of the territory. The creation of industrial parks must begin with the

registration of existing investment industrial zones that have emerged and have prospects for further development. A good example of such a zone is Hryplyn Industrial Investment Zone in Ivano-Frankivsk region, which could become the center of attraction of domestic and foreign investments.

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