

difficulties in business model transitions and legal costs which resulted in extraordinarily weak earnings results at several large European banks.

Thus, the results of the study indicate deterioration in the competitive positions of the EU banks in the global banking. The reasons for this are not only the impact of the global financial crisis on liquidity and the financial stability of banks, but also the negative consequences of the European debt crisis. The ability of European banks to lend especially to non-resident borrowers significantly reduced, due to more rigid financial markets regulation. In addition, a strong trend towards the credit securitization that is observed in developed countries including the EU caused the shift from bank lending to debt securities markets. All mentioned above leads to slower growth in bank assets in European countries.

The position of banks in Greece, Italy and Portugal are the most assailable. Many banks in the EU are facing at least one of such challenges as structural problems of excess bank capacity, high levels of non-performing loans, poorly adapted business models or their combination. Profitability rate reduction and unresolved legacy challenges increase the risk that external capital and funding becomes more expensive, especially for weaker banks with low equity valuations, pointing to weak future prospects of the EU banks functioning within the global banking.

## THE POTENTIAL FOR ECONOMIC REGIONS DEVELOPMENT IN TERMS OF THE WORLD ECONOMY

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***Abstract:** The levels of integration processes development and two groups of factors that provide spatial development with comparative advantages are pointed out. The factors that determine modern spatial development in terms of the world economy are defined. The preconditions of new economic regions formation in the world economy are determined. The components of the countries integration development strategy are considered. An integrated approach to the use of integration agreements by countries and integration associations is grounded. It is found out that development, deepening and expansion of continental and transcontinental lines of regional integration are complementary lines of the world economy regionalization development.*

Integration deepened at micro-, meso-, macro-, mega- and metalevels, and the level of the engagement of national economies, its sectors and industries allow setting the special economic environment between countries which serves as the basis for the regionalization of the world economy and has a certain influence on the global integration development.

Balanced territorial concentration of different factors of competitiveness will increase the income under the conditions of competitive environment. Within the framework of a concept of new economic geography (Fujita, Krugman, and Venables)<sup>1,2</sup> two groups of factors provide spatial development with comparative advantages. The first group is related to the geographical location and natural resources; the second group is related to the activities of society (agglomeration effect, human capital, institutions etc.). With the development of infrastructure the influence of the first group is undergoing changes while the second group of factors is playing the main role in the modernization of the economy.

Based on the concept of new economic geography, the World Bank experts created a cartogram which showed the countries that have the most wealth when GDP is compared using currency exchange rates<sup>3</sup>. The results obtained demonstrate not only a disproportion between the economic

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<sup>1</sup> Fujita M. The Spatial Economy: Cities, Regions and International Trade / Fujita M., Krugman P.R., Venables A.J. – MIT Press, Cambridge MA, 1999. – 640p.

<sup>2</sup> Krugman P. Strategic trade and the new international economics / P. Krugman. – Cambridge, Mass.: MIT Press, 1986. – 313p.

<sup>3</sup> Reshaping economic geography world development report 2009. – Washington: The World Bank, DC, 2009. – 383p.

weight of the countries (by the index of GDP) but also their physical size as well as distinguish main global regions according to the index of GDP.

Modern spatial development in terms of the world economy with integrational processes developing not only by regional lines but also by transcontinental lines determines the following factors: spatial concentration of population and urban agglomerations development (density); economic distance is related not only to the remoteness of markets, but also to the level of infrastructure development, which affects the transaction expenses (distance); institutional barriers that minimize the mobility of goods, factors of production, and limit the access to public services that develop human capital (division).

The formation of new economic regions in the world economy is no longer limited by traditional geographic factors such as the availability of raw materials or proximity to the market. In terms of technological development they are likely to be caused by such factors as a capacity to innovate and "dynamic activities of local communities that through the constant process of adaptation learned how to combine competition and cooperation"<sup>1</sup>. This also allows singling out such a line of integration process development, as transcontinental integration, which is a task-oriented process of creating interstate economic environment between countries which have no common borders and are located in different regions / continents, where a certain form (stage ) of regional integration is settled, the main objective of which is to promote international competitiveness of integrating countries.

The expansion of different integration processes within the main triad regions of the world economy (European, North American and Asia-Pacific ones) embraces the formation of sub-regional, continental, and transcontinental associations based on the principles of open regionalism. With this in mind, one cannot but notice that the strategy of integration development of the countries has two components which are focused on:

1. the features and ways of deepening integrative interaction right within the integration association created (intra-regional component)
2. identifying the directions of integration policy focused on other countries engaged in the integrative interaction within the framework of continental and transcontinental model (internal component).

The process of deepening and expanding integration will depend on balanced use of the development of potential of the integration process, which differs considerably in the basic models of regional integration used. The need for a comprehensive consideration of the ways and intensity of the impact of many factors (both internal and external) determine the advisability of the integrated indices use for the assessment of development potential for the integration process; as these indices provide a generalizing, comprehensive and quantitative characteristics of regional economic integration process occurring in the world economy at a time.

Now it is safe to say that there is no unified general model of regional trade agreement in the world, because each country or integration association applies, in most cases, an integrated approach to the use of integration agreements in terms of the access to new markets, the increase of the number of investment opportunities, the reduction of transaction expenses, to creation of uniform technical standards and requirements, the protection of intellectual property rights, the creation of common competition policy and transparency of state regulation mechanism. Such a complex approach will contribute to the deepening integrative cooperation with partner countries and the establishment of predictable political conditions that influence the development of trade and economic cooperation with all regions within a certain interstate economic area, as well the expansion of continental and transcontinental integrative cooperation.

The deepening and the expansion of the most advanced models of regional integration existing in the world economy (European, North American and Asia-Pacific) will have the greatest influence on the regionalization of the world economy with further formation of the world global space. The engagement of other countries on a regional, continental or transcontinental basis and the establishment of free trade zones and other forms of "soft" integration will promote the "new regionalism" development and the emergence of fundamentally new integration entities which not of the regional but of the transcontinental nature that fall under the level of international meta-regions in

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<sup>1</sup> Kiting M. New regionalism as an opportunity [E-resource] / M. Kiting // Russia in the global policy. – 2008. – №4. – Mode of access to the article: [//www.globalaffairs.ru/numbers/33/9979.html](http://www.globalaffairs.ru/numbers/33/9979.html).

the world economy. With this in mind, development, deepening and expansion of continental and transcontinental lines of regional integration are complementary lines of the world economy regionalization development. Countries choose their own strategy of participation in the processes of regional integration depending on the tasks that are defined by their level of social and economic development, real potential, nature of foreign relations and so on. Considering the integration component of further development of the world countries strategy one should pay attention to two aspects. First one - the features and areas of deepening the integrative interaction right inside the existing integration associations; Second one - determining the directions of integration policy focused on other countries involved in interaction within the continental and transcontinental models.

## THE DEVELOPMENT OF ECONOMIC COOPERATION BETWEEN UKRAINE AND AFRICAN COUNTRIES

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***Abstract:** The article investigates the practical aspects of the implementation of different Ukraine's economic cooperation vectors. Regions of any country demonstrate certain social and economic potential that explains their active participation in inter-regional cooperation. The cooperation is implemented under conditions of growing globalization, global interdependence and of international division of labor. The extension of interregional cooperation can be possible with the help of numerous activities. Among them are the following: the extension of industrial cooperation hold by enterprises of different regions; development of joint investment projects; joint actions in the financial, consulting and marketing activities; systematic exchange of information about the needs of business entities in investment and creation of a national network of international transport corridors. For the further development of trade and economic relations, it is necessary to create favorable conditions for entering of Ukrainian exporters to the world markets, improving the legal basis of bilateral relations, expansion of opportunities in the existing and new markets, the intensification of possible areas of cooperation. In addition, it is important to create new instruments of cooperation with trading partners of the African continent.*

It is hard to imagine modern international relations carried out by countries of the world, especially within the integration processes and globalization phenomena with the accordance to the close intertwining of the economies of many countries, without international cooperation.

The research of interregional relations at the present stage of development of the world economy on the whole and specific national economies is extremely important. Especially taking to the consideration the fact that interregional relations are the important factor to allow the regions to ensure competitiveness by actively influencing their development at the macro level (the other factors – natural, human – are not liable for being formed in the region in the shortest periods). Despite the special importance, intra- and interregional ties are not adequately treated in the practice of formation and development of competitive advantages of the region. It requires the development of scientific approaches to provide the ways of their strengthening and development. The demand for interregional cooperation occurs when the regions are faced a resource shortage for their own economic development or strengthening of their competitive advantages as well as for their expansion. Therefore, the demand of the regions for cooperation can be regarded as the basis to form the purposes of interregional cooperation. Internal regional relations characterize the level of interactions among the enterprises in the region and its infrastructure. The infrastructure determines the provision of the production processes with financial institutions, communications, transport, and media necessary to maintain the outcome from the manufacturing process of an enterprise in the region as well as implementation of interaction between them.

The extension of interregional cooperation can be possible with the help of numerous activities. Among them are the following: the extension of industrial cooperation hold by enterprises of different

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