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## **Competitiveness of international regions: theoretical approach**

**Abstract** In the conditions of globalization the problem of national competitiveness is very urgent. The competitiveness of regional economy in modern conditions is a factor that significantly determines the dynamics of socio-economic processes. Theoretical bases of regional competitiveness, principal factors which increase it and basic methodical approaches of regional competitiveness level estimation are analysed.

**Keywords:** the regional competitiveness, competitiveness factors, Porter's diamond of national advantage, factors of regional international competitiveness, the concept of core competencies, mechanism of region competitiveness formation, international regions in Ukraine.

## **Introduction**

Among the most important trends that characterize the process of socio-economic development at the turn of the 20th and 21st centuries intensification of competitive relations among international regions plays an important role. Competition of international regions gained strength in recent decades and becomes the main factor that determines the future of the Europe continent's socio-economic system.

In response to escalating globalization in the modern world economic space, competition as an integral part of the market, reveals not only at the microeconomic level, but also at the mezo-, macro- and megalevels. An adequate response to these processes by the authorities should be efforts to develop methods for achievement and conservation of competitive advantage. That is why to ensure scientific substantiation of the competitiveness it is important to form the theoretical bases of individual territories' competitiveness, which would allow more adequately and systematically explore the development of regional competition, quantify it, build applied models, enhancing the competitiveness of the regions.

In our view it is reasonable to assume the concept of competitiveness proposed by Porter M. in the "International competition" [8] as a basis of regional international competitiveness study. Problems for competitiveness territories were also explored by Russian researchers Ayzard V. [1], Granberg A. [3]. Particularly, Merkushhev V. developed method of integrated assessment of the regional competitiveness [7]. In Ukrainian scientific publications it is necessary to mark out Hominich I., Varnaliy I., Pavlyuk A and Tymoshenko I. contribution to investigation of competitiveness theoretical basis. Infrastructure component of competitiveness in cross-border regions was studied by representatives of Lviv regionalist school. The results of the research are represented in the collective monograph "The infrastructure support of competitive regional economy (methodology and tools) [4]. The main principles of regional policy formation, economic zoning, allocation of productive forces and infrastructure building

are studied by the representatives of the Ukrainian regionalist school Lukinov I., Chumachenko N., by Yemelyanov A., Zlupko S. Danylyshyn B., Stechenko D., Shabliy O.I, Bandur S., Pysarenko S. Kozoriz M.

The analysis of scientific publications permits making the preliminary conclusion that in spite of the large number scientific developments, some aspects of present problem are debatable and insufficiently studied, in particular, this concerns the notion international regional competitiveness, factors which contribute to its increase, also the basic methods of its estimation.

### **Notion and specific factors of the international regional competitiveness**

The concept of regions and regional development has considerably changed in the EU and OECD countries since the 70-80s. Indeed, this corresponds to a shift in production processes from Fordism towards flexible specialization. The emergence of this new industrial pattern corresponded to a new evolution of the global demand: shortened product life cycle and tailored products. The principle of the Fordist economy characterized by mass production activities in sectors such as capital equipment and consumer durables, standardization of outputs, assembly line methods, technical division of labor and a rigid system of labor relations had been seriously challenged by new principles in production. This new production pattern was characterized by specialist units of production, decentralized management, adaptable technologies and workforce, which were far more effective in satisfying increasingly volatile markets.

This evolution resulted in the transformation of big inflexible production structures into small flexible units far more adapted to the new type of global demand. Innovation and flexibility appeared to be the new keys of success in a globalize world at the expense of mass production and economy of scales. There were massive reductions of employment, discharging and selection of a lot of sub-contractors, valorization of human resources in order to increase the flexibility to external constraints. The situation gave new opportunities for the development of SMEs (small and medium enterprises) and new types of collaboration between big enterprises and SMEs. The competition itself has evolved from a competition based on prices and each-for-his-own attitudes towards a new competition based on a better knowledge and understanding of the demand and a better adaptability to the market changes. New industrial patterns have been emerging, particularly in leading-edge industries (e.g. appearance of techno poles in high-technology industries), specialty niches within mature industries, as well as high performance companies that draw extensively on innovation, high quality products and specialist skills. It appeared that those new industrial patterns developed best in locally integrated regional economies based around their specialization in particular products and characterized by geographical clustering of productive activity, i.e. local production systems.

The development of flexible units has meant either focusing on a given territory for big firms or development of SMEs. The attractiveness of a territory has not been based on classical comparative advantages such as low cost of production factors and reduction of transport costs but rather on its capacity of creating an environment necessary for social and economic development allowing to adapt to the new requirements. Firms, governments and the public identify the specificities of regions (their workforces, entrepreneurs, administrations, amenities or what can be called “territorial capital”) as an element for increasing their competitive advantages, which are needed to successfully confront the globalization process. Local production systems evolve or transform themselves not solely under the actions of enterprises but thanks to environment allowing a group of economic and social actors to develop common plans and projects.

The regional environment is characterized by:

- *know-how*, which are defined as a capacity to master the production process in all its components, i.e. technical, organizational and marketing. This capacity is crucial in order to cope with the technical changes and markets evolution.
- *culture and values*, which define the behavior of actors and the relation between them. For example, it can be based on a principle of confidence and reciprocity or lack of trust and strict individualism, on cooperation or undermining attitudes, solidarity and mutual aid or each-for-his-own attitudes.
- *a social capital* measured by the knowledge each of the business-actors have on one another. This issue is essential when it comes to the setting up of networks.
- *the degree of openness to the outside world* characterized by the knowledge and understanding of markets and technologies.
- *the existing set of regional actors* such as big enterprises, SMEs, financing structures, administration, local decision-makers, public interfaces, professional associations, education and research institutions, etc [11].

The environment itself, which is difficult to quantify, is enhanced by what is called soft infrastructure (networks, services to enterprises, social capital building, knowledge infrastructure, etc). This environment is not inherent in a region: it has to be nurtured, sometimes incubated, and developed on a permanent basis.

Actually, the process of regional economic development can be defined as a triple capacity of an economic society [17]. The first one is the capacity of innovation. The meaning of innovation has to be taken in its broader sense, that is not only technical or technological innovation but also innovation in organization (production, marketing) and information sharing. The second one is what is called “spatial” solidarity. Regional solidarity is necessary to react to

the changes of the outside world. Indeed, on the one hand it is obvious that it is necessary to have a minimum endowment (infrastructure, density of population, quantity of SMEs). On the other hand, it is necessary to create an informal network, which allows a group of entrepreneurs to react quickly to external constraints. This capacity to react will be more efficient if this network is open to other players (banks, administration, NGOs, consumers, etc.). The third factor is the capacity to regulate and give stability to these forms of solidarity in order to reproduce the conditions which are favorable to innovation. This regulation can be either explicit and institutionalized (via laws and rules) or informal and implicit (e.g. the solidarity plays during production phase but not during marketing phase).

Therefore, the regions ceased to be passive players subjected to decisions of a national centre or the fluctuations of the global economy but became active players who develop their own economic and social future.

Definition of regional competitiveness can be formulated on the basis of the notion proposed by Seleznyov A.: regional competitiveness of the is conditioned by economic, social, political and other factors situation of the individual producers on the domestic and foreign markets, which is displayed through indicators that adequately characterize its condition and dynamics [9].

Bramezza I. underlines that the presence of certain factors (attributes) in region creates a positive effect. Such factors, for example, include high quality business-services, skilled labor, etc. The cumulative effect of localization factor presents the capacity of the region in its ability to become an attractive place for certain types of economic activity [10].

The level of international regional competitiveness is a very complex characteristic which is affected by many external and internal factors. Its objective assessment is an important factor in improving the competitive forces of the region and promoting its positive image at the international level. The most common approach to assess the regional competitiveness can be formulated on the basis of M. Porter's concept of competitiveness.

Highly productive economic regions are those with strong linkages between industries and businesses. These linkages are the defining point for industry clusters. Industry clusters are explained by Porter through "a diamond of advantage" [18] He said that there is a diamond of four factors that interact, the outcome of which is high productivity growth. The four factors are: 1) factor conditions (the quantity, skills, and cost of the personnel; the abundance, quality, accessibility, and cost of the nation's physical resources; the nation's stock of knowledge resources; the type, quality, and user cost of the infrastructure)

- 2) demand conditions ( the composition of demand in the home market; the size and growth rate of the home demand; the ways through which domestic demand is internationalized and pulls a nation's products and services abroad);
- 3) related and supporting industries (the presence of internationally competitive supplier industries; internationally competitive related industries that can coordinate and share activities in the value chain when competing or those that involve complementary products);
- 4) firm strategy, structure and rivalry ( the ways in which firms are managed and choose to compete; the goals that companies seek to attain as well as the motivations of their employees and managers; the amount of domestic rivalry and the creation and persistence of competitive advantage in the respective industry).

The systemic nature of this diamond produces clustering. Porter found that these interactions are magnified and intensified if there is geographical concentration of the leading rivals in the industry.

The feature of international regions is that several countries are involved in the creation of competitive advantage and there is the possibility of support by greater number of related and supporting industries

So, at the moment, there are many points of view on the factors that determine the attractiveness of the territory and their classifications. Most researchers tend to determine two groups of regional international competitiveness factors:

1. economic determinants: geographical location, clusters, human capital, existing enterprises and network innovation, industry structure, and the internationalization of the nature of foreign direct investment, investment attractiveness and others.
2. strategic determinants: the effectiveness of state run public authorities, strategy development, institutional flexibility (the organizing ability of the authorities and their ability to adapt to the external environment).
3. But according to the author, for a survey of international regions it's important to mark out a separate group of political determinants that shape the environment to develop inter-regional ties between players from different countries.

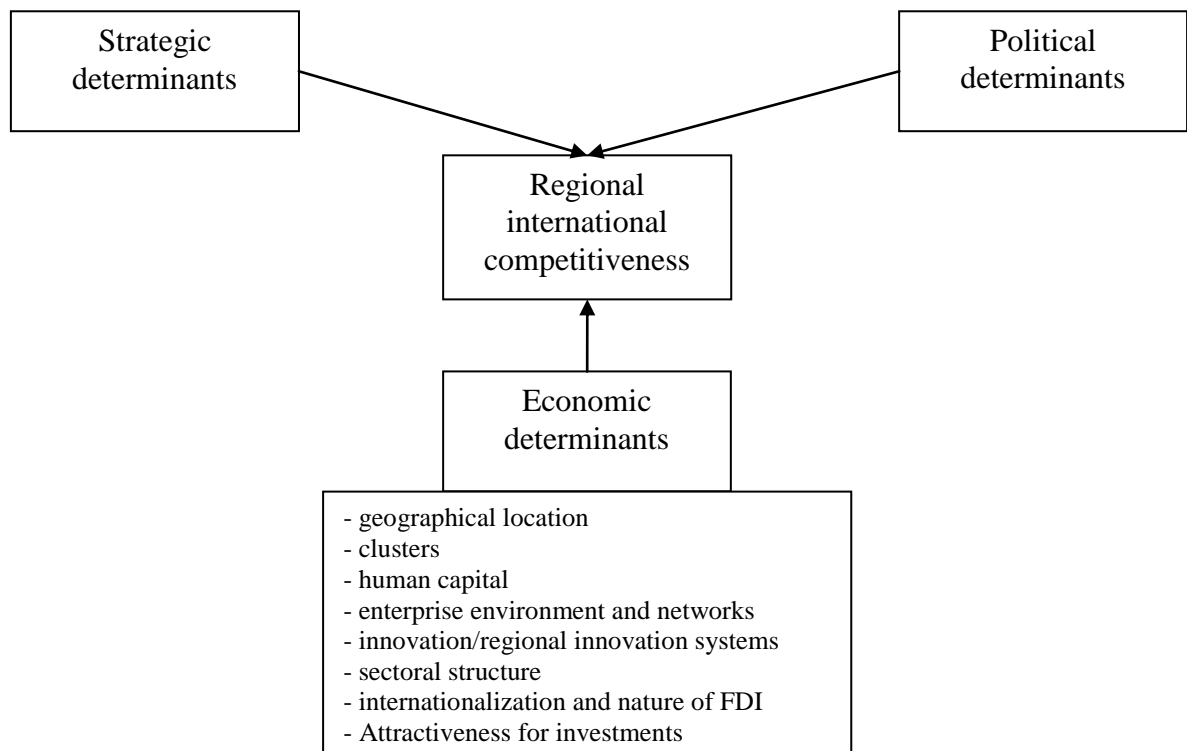


Fig. 1. Groups of regional international competitiveness factors:

1.1. Geographical location. The geographical location of a region plays an important role when it comes to its development and competitiveness path. Indeed,

- a region located near a growth pole or metropolis will benefit from the spillover effect generated by the neighboring growing economy;
- a region located on a transport corridor will have competitive advantage on the others;
- peripheral regions and regions with geographical handicaps have an important competitive disadvantage;
- border regions can have a competitive advantage;

1.2.Clusters. The competitive advantage of firms in the new economy is greater specialization, which results in more interdependency with other firms, organizations, and suppliers. As a result, firms are more and more frequently becoming members of networks or clusters, where they can benefit, among others, from the advantages of pooling common resources and information sharing.

Clustering provides firms with access to more suppliers and specialized support services, experienced and skilled labor pools and information sharing (formal and informal).

Clusters are important in regional development and for regional competitiveness in the measure that very often regional economies are specialized to varying degrees. Therefore the competitive advantage of regions can be best understood in terms of comparative advantages of

specific industries within the region resulting from clustering. Moreover, clusters generate a snowball effect. Indeed, clusters attract not only similar but also complementary enterprises, which themselves develop clusters in turn. Numerous studies show the positive effect of clustering on economic development and productivity.

1.3. Human capital. The level of qualification and structure of population in a given region affects the competitiveness of the region in the following ways:

- They affect the type of industry which will establish itself in the region and the type of product which will be produced. In other words, the higher the quality of the labour force, the higher the probability that the regional industry will develop higher added-value production.
- The innovative capacity of a region. The quality of human resources is the major factor behind the invention and diffusion of technology and it is a pre-condition for increasing the capacity of a given economy to absorb new innovations. Moreover, the development of regional innovation systems (RISs) involving technology-based industries and businesses supposes highly qualified human capital. Finally, experience in the EU shows that the level of innovation and technology of a region will determine technical specialization of foreign-owned affiliates and their willingness to import innovation and technology.
- The entrepreneur mentality of the population. Indeed, the capacity of a region to produce entrepreneurs depends upon factors such as the age of the population (inverse relation) and the entrepreneurial culture/risk taking culture developed in the region. This in turn will influence the number of SMEs creation and therefore the dynamism and competitiveness of the regional economy.
- The efficiency of the workforce. Indeed, the age of the population and social culture can have a real impact on the competitiveness of the workforce. We mean for example the flexibility of the workforce, the role of women in the labor market, the culture of work, etc.
- The vitality of a region. Indeed, the age of the working population, the population growth (or decline), and the migration flows are factors which are highly influencing the development and competitiveness of a region. For example, in the EU, regions characterized by an old working population and with negative demographic trends are called declining regions and are generally featured by low income levels and high unemployment. On the other hand, one can add that demographic trends are affected by social and economic developments. Indeed, migration flows are related to regional differences in labor market conditions and in the long term it affects birth and death rates.

– The innovation capacity of a region. The quality of human resources is the major factor behind the invention and diffusion of technology and it is a pre-condition for increasing the capacity of a given economy to absorb new innovations.

1.4. Enterprise environment and networks. The environment can be defined as a territorial system, which is opened to the outside and which integrates know-how, rules and relationship capital. It is linked to a group of actors and to both human and material resources.

Networks are a key element in the creation and development of local environment, as they interconnect the different actors involved in the development of the region. The quality and the type of the network will affect the capacity of regional actors to react adequately to the external stimuli. Networks can be of different type: formal (business network structures, institutional networks) or informal. They can have a production, information sharing or know-how transfer finality or a mix of the three. Anyway, they are the conveyors between the firms and the environment they are in touch with. In particular, networking is important for innovation and diffusion of innovation.

1.5. Innovation/Regional innovation systems. Indeed, innovation and flexibility are the keys of success in order to cope with globalization. By saying innovation, we do not mean high-end technologies but we think of any improvement which could be introduced at the level of local firm production, marketing, management and organizational systems. This know-how once it develops in the right environment (networking, availability of information, involvement of actors, etc.) becomes a competitive advantage. Indeed, the innovation process is done in two steps: conceptualization and realization. This process in turn triggers new opportunities for innovation projects. In local production systems, innovation is rarely the result of one actor but it is the result of a multifunctional innovation network. An innovation network is made up of heterogeneous actors such as public labs, technical research centres, universities, enterprises, financial institutions, public authorities, etc.

The elements characterizing an innovative region are not given as such but can be induced by the authorities by developing a true regional policy.

1.6. Sectoral structure. The industrial structure of a region will influence competitiveness in the fields of productivity per capita and wealth production. Indeed, high value-added sectors will have more influence on regional growth and regional GDP than low added-value sectors. In other words, the competitiveness of a region will be influenced by the productivity of its sectors of activity. The sectors themselves will be influenced by the intra-sector productivity. For example, service sector, where one can have tourism services not associated with particularly high productivity levels or, on the opposite, financial and business services characterized by the highest productivity.



The evolution of technology, production and exports appears to be mainly driven by the pattern of structural changes, rather than by comparative advantages. Therefore, in order to achieve higher economic and employment growth, it is important for a region to be active in the “right”, faster growing industries, rather than in the fields of greater relative specialization.

1.7. Internationalisation and nature of foreign direct investment (FDI). Foreign direct investments (FDI) bring transfers of technology, innovation, quality standards, and know-how (product, management, marketing, etc.). According to whether the investment is horizontal or vertical, multinationals can open (to a higher or lesser extent) a region to international markets. Moreover, it leads very often to clusters of highly competitive and dynamic manufacturing companies.

Nevertheless, the level of technology and know-how brought by multinationals will be determined most of the time by the environment surrounding its regional location and its willingness to integrate in the existing regional environment. Indeed, several studies identified that in the EU the technological specialization of a foreign owned subsidiary depends on the position of the region in the fields of innovation and technology. In summary, inward investment can generate regional competitiveness by importing innovation, technology, know-how and clustering activities, nevertheless these investments very often occur where such advantages already exist. Moreover, the level of technological diffusion on the regional level depends very much on whether a multinational has chosen its location uniquely on the basis of production factor costs or because of the territorial externalities produced by a region.

1.8. Attractiveness for investments. It seems trivial to stress that a region in order to grow and to become competitive needs investments, be it foreign or domestic. Therefore the more attractive a region is for investors, the more competitive it will be. Indeed, a potential investor before investing will have to make a trade-off between different potential locations. European practice shows that price factors (e.g. cost of labour, tax rate, etc.) are not playing a decisive role in most of the location choices. Actually, these factors start to play a role when it comes to the location decision only once other non-price factors (infrastructure, adequate labor, markets, agglomeration externalities, innovative environment, technological spillovers, etc.) are considered to be equal between the different locations. Therefore, it does not make much sense for a region to choose a low price factor strategy if the region has no non-price factors attractive for direct investments.

There are also some strong deterrent for investments such as unstable and inconsistent legislative and regulative framework, social and political instability, practices preventing business development and entry barriers (administrative, legislative/regulative, political, mafia, others), etc.

In a complex and varied process of inter-regional competition, it is reasonable to highlight the main competitive areas:

- deployment and retaining existing businesses, attracting new businesses, especially those that form the modern knowledge-based clusters, have stable level of production distribution;
- mobilization of investment to existing enterprises or creation of new enterprises, public infrastructure, housing and social complex;
- realization and development of transport-transit functions: increase of region's trade specialization;
- tourist flows attraction;
- increment of cultural and historical potential, which increases region's attractiveness for its residents and visitors;
- creation and development of the information centers, the media, film and television and so forth;
- holding notable cultural, political, scientific, sports and other activities, reinforcing region's positive image.

The main problem is development, adoption and implementation of such a strategy that not only responds to the priorities and interests of certain groups, but has also focused on the ambitious objectives of territorial development, taking into account the complex and unpredictable economic environment. The concept key success factors (key competence) by professor Cooke, P. is aimed to solve this problem [11]. According to this concept, is crucial to form the complex of competencies:

- skill competence, or the ability to produce goods and services in the sphere of material production at the highest level of world standards;
- knowledge competence, that is the ability to create and sell new knowledge, technology and science intensive products and services;
- links competence, or the ability to create sell services in communication sphere;
- competence of management the city the as a integrated system, aimed at achieving common objectives of leading business-actors;
- cooperation competence, that is the ability to effectively identify and promote interests of different groups of influence, strategic partners and to formulate on this basis common goals and strategies to achieve them;
- life support competence, that is the ability to create a living environment, which satisfy the expectations of leading groups and business-actors in important aspects of quality of life.

To estimate the international regional level of wellbeing, to compare different international regions and to determine their level of development and competitiveness, the European Commission proposed following classification key regional indicators:

Economy:

- GDP/head (PPS);
- employment by sector (agriculture, industry, services);
- European patent applications (per million people);

Labor market:

- unemployment rate (total, long-term unemployed, women, youth);
- employment rate (% population age 15-64, total, women, men);

Demography:

- population;
- population density (inhabitant/km<sup>2</sup>);
- percentage of the population aged under 15, between 15-64, more than 65;

Education

- educational attainment of those aged 25-59 (low, medium, high) [13].

It is important to draw attention to the fact that the methodology does not weigh the factors that contribute to regional competitiveness but analyses the factors that it contends have the greatest bearing on it, as the relative importance of the factors of competitiveness will vary between types of regions.

The guarantee of competitiveness is the basis for the development of strategy for country, region or firm. The practical realization of the theoretical and conceptual positions of a study of the regions competitiveness stipulates not only development of the diverse evaluation systems, but also the building practical mechanisms and methods of influence on the regional competitiveness for increasing the level of their competitiveness at the international level.

The tentative structure of the mechanism of an increase the international region 's competitive ability consists of such components as: regional economic potential, its competitive advantages, administrative actions, the internal and external economic ties, directed toward an improvement in the regional competitiveness on the basis of an increase in the regional effectiveness subject to competitive advantages (Fig.2). It is important that the regional competitiveness would not be the final goal of social and economic development, but contributed to an increase in the standard of living on the territory of all participating countries.

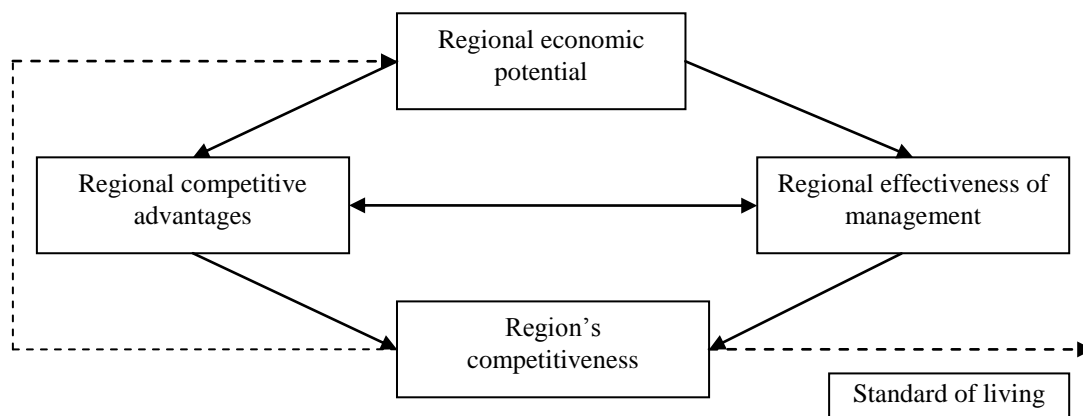


Fig.2. Mechanism of regional competitiveness formation

### 3. Development of international regions in Ukraine

The intention of our country to integrate into the European economic system requires precise study of European integration processes, in which we want to mark out regional integration.

Most of the border areas in European countries are less developed than the central ones, so regional EU policy is aimed at eliminating disparities in the regional development, improving living standards. For Ukraine, the situation is different, it is related to the fact that in the former USSR only the western border areas developed peripherally, all others (for the time being the border areas) developed as internal regions of the country. The emergence of the border in those territories has made significant adjustments in their economic life. To level the border economically, exploit new opportunities solving the problems in border area development, ensure the growth of living standards are the main goals of cross-border cooperation development, which, together with competitiveness, must be taken into account in regional policy. Substantiation and further implementation of a competitive market strategy for the regional economy are possible only within the framework of a constructive regional policy.

In Ukraine the legal foundations of activity in the sphere of international regional collaboration are the effective laws "The local self-guidance in Ukraine", "The local state administrations", "The trans-border collaboration". The activity of regions and euroregions concerning trans-border collaboration is based on concluded contracts and agreements on intergovernmental level, agreements and solutions about the collaboration between the organs of local self-guidance and the local organs of executive power with the administrative-territorial euroregion partner-countries.

The basic subjects that take part in interregional collaboration are provincial state administrations and the government of Autonomous Republic of Crimea. However, according to the application № 2 to the Convention of the general principles of trans-border collaboration, it is determined, that other territorial formations and the organs of the self-guidance of the lowest levels can take part in the international relations. Since the Ukraine ratified 106 Madrid convention and its appendixes, district state administrations and organs of local self-guidance also can take part in the international relations with the appropriate organs of territorial administration of the foreign countries.

Analysis of inter-regional cooperation areas of Ukraine revealed that all 26 regions have concluded agreements on cooperation with neighbouring territories of neighbouring countries; most regions have also cooperation agreements with the regional governments of other countries. The number of such agreements range from one (Kherson region) to 49 (Kharkiv region). The overwhelming number is about 20 agreements per region.

According to data the result of this cooperation is establishment a number of joint enterprises and organizations, holding joint exhibitions, fairs, town events, building border transport infrastructure. There are also attempts to begin permanent students and teaching staff exchange, carry out join researches, conferences, forums and solve environmental problems.

Together with the state administrations agreements, there is an effective cooperation among the cities: Mykolayiv and Trieste (Italy), Bursa (Turkey), Malka Tyrnovo (Bulgaria); Lugansk and Lublin (Poland), Pernik (Bulgaria), Sekeshfehervar (Hungary), Sent Etien ( France), Cardiff (UK); Kirovohrad and Suzhou (China); Novograd-Volinsky (Zhitomir) and South Tyrol (Italy), Palanga (Lithuania); Lvov and Krakow (Poland). According to the regional state administrations, the cooperation among the cities being implemented more effectively in specific projects through joint ventures, mutual opening of trading houses, and other cultural activities, etc., that can be attributed to abundant town-twinning experience.

Ukraine is also engaged in the development of cross-border cooperation, particularly in its highest organizational form - euroregions. There were established "Carpathian Euroregion" Euroregions "Bug", "Nyzhniy Dunay", "Verkhniy Prut," "Dnipro" and "Slobozhanschyna." This process goes on – there are prepared projects for the establishment of euroregions "Dniester" (Vinnytsya and Odessa region. , Moldova), "Syau" (Lviv region. , Pidkarpatske Voivodeship Poland), "Zemplin" (Zakarpatska region. , Koshitskyi Kray Slovakia) "Yaroslavna (Sumy region. , Kursk region, Russia). Cross-border cooperation within euroregions assists the development of integration processes in economic, cultural, educational, communication and other areas, accelerates the process of life quality equalization in border areas, leads it to average European level and facilitates the free movement of goods, capital and people across the border. It ensures

the mobilization of local resources and increasing efficiency, making it possible to solve common problems in the cross-border regions. Cross-border cooperation plays an important role as a "testing ground" for adaptation of European legislation. The usage of international and regional cooperation ensures preconditions for competitiveness increase on the border areas.

Information analysis concerning practice of six euroregions in Ukraine, gives reason to certain conclusions.

First, at the moment the most active projects within euroregions are implemented near the western border of our country, especially euroregions "Carpathian", "Verkhniy Prut" "Nyzhniy Dunay." It is furthered, in addition to other, by the active involvement of fund-in-trust and funds of European programs. Secondly, preference is given to those projects, which are oriented toward environmental protection, development transport and boundary infrastructure, national minorities support, social problems solution, interaction of cultural, educational and public institutions, tourism industry development. Thirdly, the current projects and the measures of international collaboration completely correspond to priorities established in euroregions constituent instruments. Fourthly, the short-term programs predominate in the practice of Ukrainian euroregions which labelled to the small or the micro project according to financial scale. This is explained by initial development stage of euroregions and limitedness of the territorial financial resources. At the same time, trans-border collaboration between the boundary regions of contiguous states for its essence is the project aimed at middle- and the long-term outlook.

### **3.Conclusions**

Competitive ability of the international regional economy under contemporary conditions is one of the principal factors which determine the dynamics of social and economic processes. The competitive ability of international region is to a considerable extent determined by competitive capacity of enterprises, cities, municipal formations on the territory of countries-partners. Therefore understanding the essence of interregional competition and mastering the methods of strengthening the regional competitiveness becomes ever more urgent for the regional administrations in the Ukraine. Under contemporary conditions it is expedient to emphasize the importance of investments with the following passage to the innovation development. But even today there is an objective need for the innovation "fullness" of the debt investments. Scientific knowledge, education are very important for creation of any regional competitive advantage - both as the factors of the production development and as the factors of the innovation potential formation.

Ukrainian officials should understand, master and know how to use the key terms of the regional competitiveness, model and indicators of its estimation, select the directions to increase

the bargaining strength under the conditions of concrete territories, know and consider the trends of regional development and possibilities for further cooperation at the international level. The estimation of international regional competitiveness should become one of the most important elements of monitoring the regional development strategy realization and its step by step positioning at the international level.

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