

# **ORGANIZATIONAL-ECONOMIC MECHANISM OF STRATEGIC REGULATION OF THE REGIONAL FOREIGN ECONOMIC COMPLEX**

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Foreign economic activity should be treated as an essential factor in accelerating the structural technological modernization of the national economy and increasing its innovative competitiveness.

According to foreign estimates, about 40% of the world's industrial production, 60% of the world's gross product, 70-80% of international foreign trade and world finance are influenced by globalization. But at the same time, almost all high technologies and the entire global market for science-intensive products remain in the exclusive possession of transnational corporations of the "global triad" countries.

The inflow of foreign capital does not mean the influx of high technologies, so the technologies transfer promised by developed countries remains an unrealized declaration. Moreover, the penetration of foreign corporate capital is often accompanied by the disclosure of technological secrets and the outflow of specialists.

In any case, each country is involved in the processes of globalization, pursuing certain national interests related to the realization of the opportunities of globalization to solve domestic socio-economic problems. At the same time, it is forced to impose certain restrictions on national sovereignty and national ambitions, as the interdependence of national economies increases in the process of globalization.

The challenge is to ensure an optimal balance between upholding national interests and self-restraint of national economic ambitions.

Boundless, unregulated globalization, combined with excessive liberalization of foreign economic relations, objectively generates unlimited competition in the "lagging" countries, merciless in relation to the weaker ones on domestic and international markets. By using it, transnational corporations are able to exploit the natural resources and labor of these countries indefinitely. At the same time, the governments of these countries are not able to maintain a minimum acceptable standard of living.

The decline in living standards, combined with technological lag, objectively leads to a drop in the competitiveness of the economy and its retreat from the obtained positions in the world and domestic markets. At the same time, globalization can stimulate capital outflows from countries exporting raw materials to ensure investment in high-tech production, which leads to a slowdown in the technological progress of the economy, a decrease in employment and a slowdown in wage growth.

Solving the problem of effective implementation of opportunities for the development of globalization processes to accelerate domestic economic growth objectively challenges states not only to coordinate the current foreign economic relations of companies in the country. The development and implementation of the national geo-economic strategy, which would provide strategic regulation of increasing the competitiveness of the economy of the Donetsk People's Republic, is also of key importance.

Such a strategy should combine the formation of strategic foreign economic priorities, the introduction of mechanisms for state regulation of foreign economic relations with the development of powerful territorial foreign economic complexes and transnational corporate entities in the structures of national economies that are able to compete with foreign transnational corporations.

The competitiveness of the foreign economic complex of the DPR is a synthesis, firstly, of its positional competitiveness, due to the position on foreign markets of raw materials, finished products and the ability of the management of

companies and the region to realize the existing competitive advantages, primarily natural. Secondly, its dynamic competitiveness, determined by the ability of the company's management and the region to form new competitive advantages, primarily acquired, and turn them into key factors of competitive success.

The key factors of competitive success are different for different industries and markets, constantly changing, difficult to copy, and allow you to capture and hold the relevant markets. For this reason, they are the basis for developing a strategy for the development of the foreign economic complex, and their choice becomes the most important task of the state leadership.

The implementation of strategic regulation of the region's foreign economic complex involves the development and implementation of an appropriate organizational and economic mechanism in the region's management system. This mechanism should include four main components:

- 1) the system of organizational structures of the subject of regulation (coordinating institutions);
- 2) the system of regional enterprises and structures that carry out and ensure the interaction of the region's economy with the world market, i.e. the object of regulation;
- 3) the system of direct management links - functional mechanisms of the influence of the subject of regulation on its object;
- 4) the system of reverse management relations - a set of indicators of monitoring the subject of regulation and its external environment.

Assessment of the strategic impact of the foreign economic complex on the socio-economic development of the region is becoming an objective necessity, especially in the context of increasing global competition and the importance of foreign economic factors in the development of the region.

The strategic impact of the foreign economic complex on the socio-economic development of the region provides:

- 1) stimulating economic growth and ensuring sustainable development of the regional economy;

2) diversification of the region's reproductive structure;

3) improving the effectiveness of the region's integration into the international division of labor;

4) formation and implementation of competitive advantages of the region.

The economic effect of the strategic impact of the region's foreign economic complex is evident in the following areas:

1) budget - due to the influx of customs payments from the export of goods and services; increase in tax payments for export-oriented and joint ventures with foreign capital;

2) investment - due to the inflow of foreign investment and an increase in domestic investment (from exports);

3) production - by upgrading the technological and production base (while importing equipment, purchasing licenses, opening joint ventures);

4) social - by raising employment and increasing income of the population through growing export production and setting up joint ventures.

Thus, the mechanism of strategic impact of the foreign economic complex on the socio-economic development of the state involves the development of strategic documents with the definition of priority areas of foreign economic development. The implementation of strategic regulation of the foreign economic complex in the DPR involves the development and implementation of an appropriate organizational and economic mechanism in the regional management system.

The study of the specifics of strategic regulation of the foreign economic complex of the region allows us to note that in contrast to management in general it covers only the functions of control, coordination and motivation, which are supplemented by macroeconomic forecasting.