

COMPETITIVE ADVANTAGES OF THE NATIONAL ECONOMY UNDER CONDITIONS OF OPEN MARKETS

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Abstract:

In the article factors of economic growth of Russia at a global competitiveness are analyzed. In contemporary conditions, influence on competitiveness of national economy is emerged. There were necessary system transformations in conditions of transition from scheduled to the market pattern of functioning in the Russian economy. Branch changes of development of economy in conditions of the open market allow asserting that the national economic system works in a regime of reproduction of the competitive enterprises. Due to economic reforms from the last period, competitive and noncompetitive sectors have come to light in an obvious kind in an industry and in agriculture (in agrarian sector these processes passed with a delay). Competitiveness of the Russian economy at the present stage bases on production of low technological repartitions, is maintained by tactical price factors, and practically does not mention material production conditions that make a similar sort of competitiveness rather unstable in the long-term period. Besides the national economic system movable only by market forces is far from being always in state to generate desirable structural shifts.

Key words: competitive advantages, national economy, open markets, Russian economy

1. INTRODUCTION

Gradual slowing down of rates of economic growth of Russian economy, as well as the majority of the socialist countries, accompanied with stable decrease of productivity of major factors of production, was supervised already from second half of 1970th. However landslide falling of volumes of the Russian production began in 1990-1991, in connection with destroying of scheduled system of economic relations. General changes during system reorganization of Russian economy (1991 - 1997) were defined by a complex of factors, first of all process of reduction of inefficient branches and sectors of industry and agriculture in conditions of open economy. However it has caused sharp reduction of cumulative internal demand and has resulted to strong decrease of production even in competitive industries.

As a result of rapprochement of internal and global prices at existing technological structure there was a falling profitableness of production in noncompetitive branches and curtailing of corresponding productions. At the same time, competitive branches nevertheless have managed to save high levels of production, investments and employment. As a whole, after first seven years of economic reforms (1991-1998) the structure of production in Russia has undergone qualitative transformation: growth of competitive industrial and agricultural production in absolute parameters has exceeded falling in noncompetitive sectors of economy. How affairs with competitiveness of the Russian economy are today?

2. ECONOMIC GROWTH AND INTERNAL COMPETITIVENESS

First of all we shall note, that the economic and political situation in 1999-2007 promoted high enough growth rates of the Russian economy (table 1). Economic growth of Russia essentially advanced the highly developed countries of the world. In general, for a period of 1999-2006 mid-annual rates of increase of gross national product have constituted 6.7 %, whereas rates of increase of gross national product of whole world for the same period were 4.2 %. For these eight years

gross national product of Russia has increased for 68 %, but global gross national product has increased only for 39 %.

Table no 1. The basic economic parameters of Russia in 1999 -2006.

	1999	2000	2001	2002	2003	2004	2005	2006
Gross national product incomes (% to previous year)	106,4	110,0	105,1	104,7	107,3	107,2	106,4	106,7
Industrial production index incomes (% to previous year)	111,0	108,7	102,9	103,1	108,9	108,3	104,0	103,9
Investments in a fixed capital incomes (% to previous year)	105,3	117,4	110,0	102,6	112,5	117,0	110,5	113,5
The foreign trade turnover incomes (% to previous year)	86,9	130,2	103,8	108,1	126,0	132,4	131,5	127,0
Real money incomes (% to previous year)	87,7	112,0	108,7	111,1	115,0	110,4	111,1	110,0
International reserve assets, on the end of a period (billion dollars)	12,5	28,0	36,6	47,8	76,9	124,5	182,2	303,7

Considering the last seven years as a whole, it is possible to allocate sharp initial takeoff of parameters of economic development of Russia with the subsequent stabilization of lower level. Economic "jerk" of the Russian economy in 1999-2001 was inquest of so-called regenerative growth (i.e. really there were the capacities, capable to increase physical volume of production at increase of effective demand). The further stable development of economy occurred, as a matter of fact, under the inertial script (current trends were prolonged) in conditions of increase of internal and external demand. On the one hand almost double import compression in comparison with a pre-crisis level of 1998 has ensured a place for intensive expansion competitive (first of all, at value) domestic production on a home market. On the other hand economic growth on foreign markets based on a favorable global conjuncture since 1999. Let's analyze quality of this growth from an item of competitiveness of national economy.

First of all we shall consider competitiveness of industrial enterprises on an internal market. As a result of devaluation of 1998 when the prices for production of foreign competitors have some times increased, in the most advantageous provision there were the branches of a consumer complex traditionally focused on home markets. The gain of production of consumer goods in 1999 has constituted 8.7 % and has exceeded rates of common industrial growth and a turn-over of retail trade. The contribution of branches of a consumer complex to a gain of a commercial production in 1999 has constituted 13.2 %, against 8.4 % in 1998. During two next years influence of branches of a consumer complex on a gain of production in economy was saved at the achieved level. In accordance with improvement of financial circumstances of the enterprises and growth of accruing, price competitiveness of the capital goods began to grow since 1999. As a result volumes of production in an investment complex for a period of 1999-2002 have increased for third in comparison with a level of 1998.

Thus, the main reason of increase of the competitive provision of the Russian enterprises on internal market during regenerative growth was low price, which domestic manufacturers could offer after financial crisis of 1998. However, as the practice more than once showed, a similar sort of price competitiveness is rather unstable: at change of a parity of rates national both foreign exchanges and absence of technological possibilities of expansion of production the domestic enterprises by degrees lose competitive advantages, conceding positions to the intensive offer of the import goods. In result, with growth of incomes of the population and reduction of competitive advantages of the domestic goods on a price level conditions to growth of import both consumer, and the investment goods were generated. The gain of import in 2000 has constituted 13.5 %, and production of an industrial output has increased only for 11.9 %, in 2001 corresponding figures have constituted 19.0 and 4.9 %. If in I quarter of 2001 the share of the Russian import volume of

documentary resources of not food market constituted 45.9 % in IV quarter it was increased up to 51.4 %, and by the end of 2002 - up to 54.8 %. The developed situation provoked slowing down of growth rates of the manufacturing industry finding in amplifying dependence on dynamics of an investment demand and innovational strategy of development. The out-of-date park of the equipment and "know-how", low labour productivity level were the factors limiting expansion of the competitive offer on the part of the domestic enterprises. In 2002 the customs statistics has recorded increase in volumes of import up to level of 1998. And in 2001 -2006 quarterly growth rates of import exceeded growth rates of the Russian commodity producers already in some times.

Fortunately, the state of affairs has appeared not absolutely bad: started on the first stage of reforms the mechanism of natural selection made the business. Dynamics of food import restrained as a whole strong enough competitive items of the Russian enterprises - a share of import volume of documentary resources of articles of food during 2002 -2006 was stabilized at a level of 34 %. Though, certainly, a line of less competitive sectors of the Russian industry shows negative dynamics of the competitive provision: the share of the domestic goods in resources of retail trade of not food market, as a result of crisis of textile, sewing, shoe production, has decreased from 51.6 % to 44.3 % for a period 2000-2006.

As a whole, it is obvious, that 1998 has appeared critical for the domestic enterprises (that disposal of the Russian industry of barter which was recently serious problem at the majority of the enterprises of processing sectors is necessary). Since 2001 many enterprises have believed in stability of normal economic development and have risked passing from policy of minimization of stocks of finish products to maintaining their reasonable surplus peculiar to healthy market economy. In spite of the fact that the competitiveness on the majority of the markets increases, today it is possible to establish non-negative dynamics of the competitive provision of the Russian industrial enterprises on home markets: the growing demand grants a possibility to find «a place under the sun» to all interested participants of competitive relations. Though, certainly, the Russian enterprises are fixed on growing market segments more slowly than the foreign colleagues.

3. COMPETITIVENESS ON THE GLOBAL MARKET

Meanwhile the situation with competitiveness of domestic manufacturers on foreign markets, at first sight, is essentially different: on a background of "muffled marking time" of domestic process industry the export - focused sector becomes locomotive of economic growth of Russia (table 2), that naturally reputes its high competitiveness.

Table no 2. Dynamics of the Russian export

	1999	2000	2001	2002	2003	2004	2005	2006
Export, billion dollars	75,6	105,0	101,9	107,2	135,4	183,2	245,3	304,4
Growth rates of export, % to previous year	101,6	138,9	97,1	105,2	126,3	135,3	133,9	124,1
Growth rates of gross national product, % to previous year	106,4	110,0	105,1	104,7	107,3	107,2	106,4	106,7

However at more detailed analysis it becomes understandable, at the expense of that so essential growth of sales in the world markets is achieved. The Russian foreign trade is guided by export of raw material and production of low technological repartitions. Since second half of 2002 influence of fuel and energy exporters sharply amplifies. According to State customs committee the share of the fuel and energy goods has reached in 2006 a record level – 67.6 %. The second commodity section on significance in the Russian export are metals and items from them (by 2006 their share constituted 13.9 %). On the third place is production of a chemical and petrochemical industry, predominary low repartitions (5.3 % of cumulative import). The share of other goods is

less than 14 % of cumulative import. In total at the expense of mineral products it is provided more than 80 % of a gain of cost volume of export deliveries.

The basic precondition of growth of the Russian export is unprecedented high prices on the world markets of raw material (table 3). The good situation on a foreign market was saved for exporters of nonferrous metals: the level of the world prices for all nonferrous metals has reached a maximum for a 13-years period by 2007. In conditions of growth of global demand the world prices for metal rolling have essentially grown (for 2006 the rise in prices on a hot sheet has constituted 56 %, on a cold sheet - 20 %, the zinc sheet - 25 %). However the most essential rise in prices has taken place in the petroleum markets. The level of the world petroleum prices, supervised in 2002-2007, is absolute for all period of development of new Russia.

Table no 3. The mid-annual world prices for the basic kinds of the export goods of Russia

	2002	2003	2004	2005	2006
Petroleum (Brent), dollars / barrel	25,02	28,83	37,4	54,38	65,15
Natural gas, dollars / 1 one million B	3,4	5,5	6,0	8,9	12,2
Copper, dollars / ton	1592,9	1785,6	2808,2	3606,0	6851,4
Aluminium, dollars / ton	1350,7	1424,7	1693,2	1871,0	2619,4
Nickel, dollars / ton	6175,1	9580,8	13757	14692	22038

Thus the Russian export grows thanking the price factor: after 2002 growth rates of physical volume of export - focused productions become much more modestly growth rates of their cost volumes.

In conditions of growth of the world prices the share of the fuel and energy goods in the Russian export stably grows and in 2006 constituted 65.2 % (56.8 % in 2004). Moreover, the data (table 4) testify about essential strengthening of export - focused tendencies of a raw orientation in petroleum sector. Export of a crude oil constitutes more than 70 % of total export of petroleum and oil products.

Table no 4. A parity of production and export of power resources in 2000 -2006.

	2000	2001	2002	2003	2004	2005	2006
Net export of petroleum, % of production of petroleum	42,9	44,4	47,8	50,6	55,2	53,2	51,3
Net export of petroleum and oil products, % of production of petroleum	61,9	64,7	67,5	69,2	72,9	73,8	72,8

Current trends are confirmed also by numerous results of applied researches. So, sounded in 2004 on V International conference «Competitiveness and upgrade of the Russian economy» the data allow to judge about rather stable, from times of socialism, tendencies in development of the Russian economy according to which external competitiveness of Russia is maintained basically by petroleum, gas and metals. The majority of finished products (except for the weapon) are still noncompetitive in the global markets. Thus (behind very rare exceptions) if the degree of processing is higher, competitiveness is lower.

4. CONCLUSION

Thus, it is possible to make the following conclusions about formation of competitiveness of the Russian economy at a new stage of development of market relations.

