Improving the Trend of Financing the Innovative Needs of Exporting Enterprises in Advanced Economies and the Factors That Affect Them

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Summary-------------------------------

The article reveals the issues of improving the trend of financing the innovative needs of exporting enterprises in advanced economies and factors affecting them. Key trends in the development of the modern world economy, affecting the sustainable development of exporting companies. Also, the issues of government bodies and financial institutions involved in supporting exporters in foreign countries were studied.

Key words: factors, trends, improvement, innovative needs, financing, world economy.

Possessing huge innovative potential and developed market infrastructure, countries with developed economies form a structure and set the tone for increasing the growth rates of the export potential of the entire world economy. In addition, exporting corporations, as the main economic agents of these countries, are the largest players in the world goods and services markets, determining the direction, forms and spheres of investment in the international capital flow system and distribution of global financial flows.

The main participants in the process of financing the programs for building up exported countries with developed economies are key companies that are producers of export goods or services supported by government bodies, economic agencies and investment institutions, each of which can participate in the investment process both on demand side and on the supply side of investment resources. [1]

For a correct understanding of the reasons for the growing relevance of the financial component of the problem of increasing the export potential of national economies, it is extremely important to have a correct understanding of the key trends in the development of the modern world economy, the list of which is shown in Figure 1.

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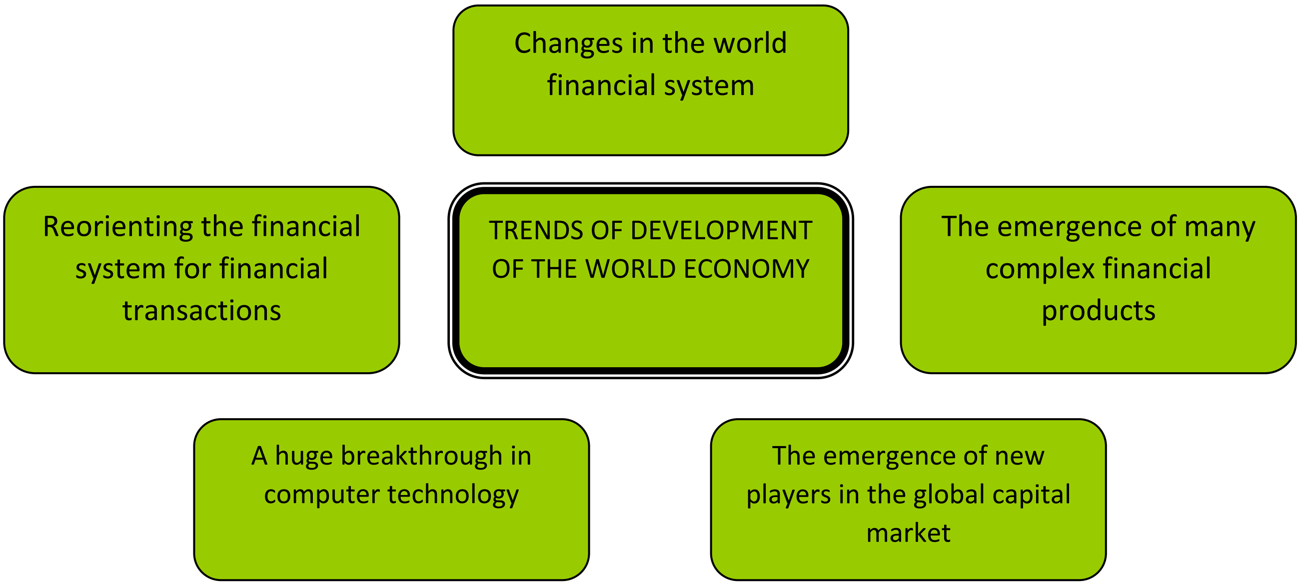
Picture 1.

Key trends in the development of the modern world economy, affecting the sustainable development of exporting companies.



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First, it is necessary to bear in mind the rapid growth of the world financial system. Thus, according to the Global Institute Mckinscy, the ratio of global financial assets to the size of the world's gross product soared from 109% in 1980 to 316% in 2005. Growth, the financial component of the economy is particularly noticeable in the Eurozone, where the ratio of financial assets to GDP jumped from 180% in 1995 to 303% in 2005.

Secondly, it is necessary to recognize the clearly expressed reorientation of the financial system to financial transactions, which became one of the main reasons for the emergence of the global financial and economic crisis. If in 1980 42% of financial savings were invested in bank deposits. In 2005, this indicator fell to 27%. At the same time, the capital market gradually selects the intermediary function of the banking system.

The third trend is the appearance at the disposal of investors of a variety of complex financial products, in particular derivative securities. According to the International Association of Swaps and Derivatives, by the end of 2006 the total volume of currency swaps, swaps and options for interest rates had reached $ 286 trillion, which is approximately six times the world's gross product, whereas in the 1990s, their cost was only $ 53.4 trillion.

The fourth trend, which had a significant impact on the scale of financing of exporting companies in developed countries, should be attributed to the appearance on the international capital market of completely new players, primarily hedge funds and private equity funds. The number of hedge funds has increased from 610 in 1990 to 9575 in 2013. Under their management is about $ 1.6 trillion. According to Private Equity Intelligence, Direct Investment Funds in 2006, 684 funds attracted $ 432 billion.

The fifth trend, which forced many exporting companies to face the level of ensuring their transparency and investment attractiveness, is connected with a huge breakthrough in computer technologies and telecommunications. Using their potential, exporting companies make extensive use of computer technologies to establish direct contacts with foreign consumers of their products and unwind their branding policy.

The most important trend in the field of investment support for programs to increase the export potential of exporting enterprises should be considered increased demand for the innovative component of their activities. Institutional basis for scaling up their innovative renovation is the outstripping development of national innovation systems. [2]

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Table 1.

Data on world leaders in the innovative development of the world economy

Country name	The number of the most advanced macro technologies
USA	20-22 positions
Germany	8 - 10 positions
Japan	7 positions
UK	3 – 5 positions
France	3 – 5 positions
Sweden, Norway, Italy and Switzerland	1-2 positions
The rest of the world (Israel, Canada, Russia, China)	3 – 4 positions
Total:	**50 positions**

* Created by the author himself

As can be seen from Table-1, countries with developed economies account for more than 45 of the world's 50 most advanced global macro-technologies. The share of the seven most highly industrialized countries accounts for 80-90 percent of the world production of science-intensive products and practically all of its world export. About 40 percent of the world's volume of science-intensive products exported today is concentrated in the US [3].

Thanks to such a high level of innovative development of national economies, these countries occupy a favorable position in the international social division of labor, and exporting companies have the opportunity to produce high technology products with a high level of added value. [4]

Another important trend in the field of financial support for programs to increase the innovative potential of exporting enterprises should be considered as the intensified struggle between them for limited investment resources of foreign direct investors or collective investment institutions.

A qualitatively new trend in the development of mechanisms for

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financing programs to increase the export potential of developed countries in the turbulent development of the world economy should be seen as a significant increase in the participation of government at certain stages and stages of implementing major innovative projects that require the protection of the interests of their initiators or foreign direct investors at the international level. Particularly increased was the knowledge of the innovative function of the state in the transition of these countries to new technological structures and technological ways of production. Targeted state support in the framework of targeted innovation budgets or targeted investment programs proved to be extremely necessary for exporting companies not only at the stages of creating diffusion of innovative products, but also at the stages of organizing mass production and exporting products to foreign consumers. [5]

A well-established mechanism for regulating investment activity plays an important role in attracting foreign investment to the needs of increasing the export potential of key enterprises of national economies in developed countries of the world. Especially evident is the effectiveness of state participation in the support of exporting companies by the example of the EU countries, among which the most liberal regime for foreign capital was created in Germany, where the import and export of foreign capital is carried out without any special permits and restrictions.

Figure -2. Government bodies and financial institutions involved in supporting exporters in foreign countries.

Figure-2 shows the most well-known institutions of public administration and financial companies involved in the implementation of major investment projects of national, sectoral or regional scale, mastered by exporting corporations.

The results of the research lead to the conclusion that the most important factors that have allowed individual EU countries to attract large-scale foreign investment for corporations - exporters are:

• priority of information technologies, which include computer hardware and software, electronics and telecommunications - in the Netherlands, Ireland and France;

• development of the sector of industrial products and services, including automation of industry - in Germany, Norway and Denmark;

• the dominant position of the consumer sector - in the UK, Italy and Ireland;

• A significant increase in the share of "manufacturing", which includes mechanical processing - in Spain, Portugal and Ireland, where there is relatively cheap labor;

• stimulating interest in the sector covering chemistry and materials production - all countries except Germany and the UK.

Despite the fact that in many European countries there are no special laws regulating foreign investment (with the exception of Belgium, the Netherlands, Luxembourg, Italy, etc.), the legislation of almost all EU countries makes reservations about investing foreign capital in strategic industries, including the system communications, air and sea transport, banking, etc. Thus, in the UK, foreign direct investment is allowed on the basis of an individual permit issued by the Bank of England. In France, where there is the most stringent permitting system, the so-called "prior authorization" is issued after the declaration is submitted to the Ministry of Economy, Finance and Budget. In Italy, special permission from the relevant ministries is required to invest foreign capital in such industries of national importance as shipping and shipbuilding, air transport, insurance and banking.

In Finland, investment activity of foreign capital is prohibited in such export-oriented sectors of the international specialization of the Finnish economy as mining, woodworking, pulp and paper, nuclear power, agriculture, communications, rail transport, etc. [7] However, all these permits are issued, as a rule, unhindered and are of a formal nature.

In addition, it is important to note that the investment of foreign capital into high-tech industries of all EU countries is permitted only on an equal footing.

He draws attention to the fact that in advanced economies state financing is aimed at supporting not only large companies in market economies but also medium and small firms that are able to modernize and rebuild export production in a short time in accordance with the requirements of the world market.

Among the countries most liberal about foreign investment in their territory are also the United States, where the federal government does not require prior registration of foreign companies or obtaining a special permit for investment in the United States. At the same time, in the US federal law prohibits the ownership and control of capital over corporations operating in the field of television and radio broadcasting, telegraph and satellite communications systems, construction and operation of nuclear power plants, etc. In Italy, special permission from the relevant ministries is required to invest foreign capital in such industries of national importance as shipping and shipbuilding, air transport, insurance and banking. In Finland, investment activity of foreign capital is prohibited in such sectors of the international specialization of the Finnish economy as mining, woodworking, pulp and paper, nuclear energy, agriculture, communications, railway transport, etc.

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When choosing the period to which the price indices used to revaluate stocks should be taken into account, it is necessary to take into account the time of finding the products in stocks. It can be established through a selective survey of enterprises by type of activity or determined by calculation. In the second case, the time of finding the material circulating assets in stocks is equal to the time of the duration of one turnover of stocks. It is determined by the following formulas:

a) for finished products and work in progress:

$$Dp = \frac{360\,\text{days} \times Sp}{P} \text{, where} \qquad (1)$$

Dp - duration of one turnover of stocks of finished goods (work in progress);

Sp - average annual stocks of finished goods (work in progress) (average chronological of stocks at the end of quarters);

P - issue by type of activity for the year.

b) for raw materials:

$$Dc = \frac{360\,\text{days} \times Sc}{C} \text{, where} \qquad (2)$$

Dc - duration of one turnover of raw materials;

Sc - average annual stocks of raw materials and materials (average chronological from stocks at the end of quarters);

C - intermediate consumption by type of activity for the year.

Another significant trend in institutional strengthening of the financing mechanism for exporting corporations in the developed countries of the world is the continuous expansion of the range of methods and schemes for financing programs to increase their export potential, as well as increased attention to the use of effective risk management by all participants in this process.

Finally, the most important trend in the development of the world economy should be recognized as the increased desire of sovereign states to integrate into the system of world ties. A clear confirmation of this is the sharply increased role of not only transnational corporations, but also supranational entities, including the WTO, OPEC, ASEAN, SCO, etc.

As a consequence of the internationalization of economic relations at all levels of the hierarchy, it is necessary to consider not only the overall growth of the world economy, but also an increase in the gap between poor and rich states. This should not be forgotten by the organizers of the investment policy and regulators of the financial market of Uzbekistan, which are responsible for increasing the export potential of the Republic and ensuring stable growth rates of the national economy.

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