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## NEW INDUSTRIAL POLICY IN CENTRAL AND EASTERN EUROPE: DEVELOPMENT'S EXPERIENCE AND CONCLUSIONS FOR UKRAINE

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**НОВА ПРОМИСЛОВА ПОЛІТИКА В КРАЇНАХ ЦЕНТРАЛЬНОЇ ТА СХІДНОЇ ЄВРОПИ: ДОСВІД РОЗВИТКУ ТА ВИСНОВКИ ДЛЯ УКРАЇНИ**

*In this article, the experience of the new going is analyzed near industrial politics of successful countries of region of Central and East Europe (CEE). Research method. The method of comparative analysis of new industrial politician is used for research of similar with Ukraine economies of Poland, Czech Republic and Hungary. By the method of ascent from part to general we defined such general and distinctive signs politician of countries of region of CEE. Main part. We are studied, analyzed and grouped an instruments of industrial politics in area of stimulation of Export, including for the enterprises of small and middle businesses (SME). These mechanisms were worked out and successfully mastered in the United States of America and were used on the stages of economic transformation of post-socialistic countries. We distinguished the features of vertical and horizontal instruments of industrial politics and then the most often applied events of Hard and Soft variants of industrial politics are structured in a CEE region. In this Region it was come forward basis of successful stimulation of height of industry such as presence of own currency (zloty, chech crowne and forint) and realization of independent currency-course politics, creation of industrial parks and special economic zones, and also application of mechanisms of reduction of prices and insurance of export by means of Export-credit Agencies. By the distinctive feature of Poland in realization of industrial politics there is reducing of greater part and successful restructuring of remaining volume of a Sovereign debt on new basis. This Debt was re-profiled on the advantageous terms for Poland both before international financial organizations (IMF, World bank etc.) and before large private creditors. Reduction of promissory burden pawned basis for creation of new workplaces and technological rearmament in industry, that resulted in the speed-up economy growing of Poland. The feature of new industrial politics of Hungary are state measures on support of enterprises with specialization on NT with the large stake of value-added — in particular electronics. It distinguishes Hungary from nearby Republic of Slovakia, where by a government a course was taken on stimulation of creation of cluster of automobile and motor industry. Also the feature of Hungary is the developed system of trade houses with the purpose of advancement of the Hungarian export abroad at the financial assistance of the state participating Export-import bank and Export-credit agency, working in close cooperation. We recommend within the framework of realization of new industrial politics in Ukraine actively to bring over small and middle enterprises (SME) to export activity. We proposed for stimulation industrial policy as important institutional mechanism to establish the specialized state Agency of development of small and midsize businesses in Ukraine. It can become for example of the United States of America, with the use of real experience of countries of region of CEE. Using experience of Hungary, we offer creation by Government the National Trade House in Ukraine for financial and organizational support of advancement of export in co-operating with state specialized*

*Ukreximbank and accrued Export-credit Agency of Ukraine. Also we consider a necessity to used Poland's and Czech Republic's experience on creation of the ramified network of Industrial parks on all territory of the country in Ukraine.*

У статті проаналізовано досвід індустріальної політики успішних країн регіону Центральної та Східної Європи (ЦСЄ). Дослідження аналогічних з Україною економік Польщі, Чехії та Угорщини здійснене за допомогою методу порівняльного аналізу. Загальні та відмінні ознаки політик країн регіону Центральної та Східної Європи визначено за допомогою методу сходження від абстрактного до конкретного. В статті проаналізовано та згруповано інструменти промислової політики у сфері стимулювання експорту, у тому числі для підприємств малого та середнього бізнесу (МСП), які були розроблені та успішно освоєні у Сполучених Штатах Америки та використовувалися на етапах економічної трансформації постсоціалістичних країн. Виокремлено особливості вертикальних та горизонтальних інструментів індустріальної політики, найбільш часто застосовувані події жорстких та м'яких варіантів промислової політики структуровані в регіоні Центральної та Східної Європи. В зазначеному регіоні за основу успішного стимулювання зростання промисловості було визначено наявність власної валюти (злотих, чеської крони та форинтів) та здійснення незалежної валютно-курсової політики, створення індустріальних парків та спеціальних економічних зон, а також застосування механізмів зниження цін та страхування експорту за допомогою Експортно-кредитних агентств.

Відмінною рисою Польщі в реалізації промислової політики визначено зменшення більшої частини та успішна реструктуризація залишків обсягу суверенного боргу на нових засадах. Цей борг був перепрофільований на вигідних для Польщі умовах як перед міжнародними фінансовими організаціями (МВФ, Світовим банком тощо), так і перед великими приватними кредиторами. Зниження вексельного тягаря стало основою для створення нових робочих місць та технологічного переозброєння в промисловості, що призвело до зростання прискореної економіки Польщі.

Особливістю нової промислової політики Угорщини є державні заходи щодо підтримки підприємств зі спеціалізацією на NT з великою часткою доданої вартості — зокрема електроніки. Це відрізняє Угорщину від сусідньої Республіки Словаччини, де урядом було взято курс на стимулювання створення кластеру транспортної та автомобільної промисловості. Особливістю Угорщини є розроблена система торгових будинків з метою просування угорського експорту за кордон за фінансової допомоги державного експортно-імпортного банку та Експортно-кредитного агентства, які працюють у тісній співпраці.

За результатами дослідження запропоновано в Україні в рамках реалізації нової промислової політики запропоновано активне залучення малих та середніх підприємств (МСП) до експортної діяльності. Враховуючи довід Угорщини запропоновано створити Урядом Національний торговий дім в Україні для фінансової та організаційної підтримки просування експорту у співпраці з спеціалізованим Укрексімбанком та акумульованим Експортно-кредитним агентством України. За необхідне запропоноване використання досвіду Польщі та Чехії щодо створення розгалуженої мережі індустріальних парків на всій території України.

*Key words: industrial policy, Central and East Europe, industrial parks, export, trade houses, small and medium business, ECA.*

*Ключові слова: промислова політика, країни Центральної та Східної Європи, індустріальні парки, експорт, торгові дома, малий та середній бізнес, експортно-кредитне агентство.*

## INTRODUCTION

Capital reproduction in the context of the transition to a knowledge economy within the framework of the Industry 4.0 approach provides structural economic shifts on a productive basis. This cannot be achieved without the implementation of state industrial policy.

In the international arena, many scholars have explored changes in the industrial policies of developed and emerging countries. In particular, E. Reinert writes: "a country without industry must continue to obey the iron laws of diminishing returns. Even if technological changes can move a flexible

wall, it still stands" [13, p. 205]. In his report to the 50th Anniversary of the Club of Rome, von Weizsacker and Wykman emphasized that "our entire industrial sector is now making an interesting transition to Industry 4.0... in connection with renewable energy" [1, p. 182]. Without the development of a new eco-friendly industry, it is impossible to "effectively manage scarce resources to achieve the best results for the benefit of most people with due respect for nature," writes G. Maxton [8, p. 283].

The state defines the criteria of economic regulation to establish a balance between business interests and the

needs of social and economic development, and this, according to the V. Panchenko N. Reznikova and enables the "find a rational structure of domestic economy and the potential of scientific research and research and development work (RDW). The realization of the tasks of permanent modernization of the economy, its sustainable growth is achieved in this way. It will inevitably contribute to maintaining the proper level of national security" [12, p. 96—97].

Industrial policy is a basic component of a nationwide economic policy aimed at accelerating growth and sustainable development. Effective investment and financial policies will encourage high-tech imports and the deployment of available resources for the development of priority sectors of industry. In such circumstances, there is a need to establish clear rules for the coexistence of business and government, to establish a system of penalties for corruption and dishonesty of business conduct. At the same time, the application of a system of incentives for business innovation and its social orientation will allow for a new industrialization of the country.

### THE PURPOSE OF THE ARTICLE

The purpose of the article is to analyze new approaches to industrial policy in Central and Eastern European countries. They have made significant progress in post-socialist transformation towards accession to the European Union through a comparative analysis of incentive measures taken by their own and borrowed in more developed countries, including the United States the transition of the economies of these countries to the path of development.

This allows science and high-tech industries to become the engine of economic growth, to provide adequate conditions for the development of small and medium-sized businesses and the manufacturing sector of the economy of new technological ways. The research material is the reports of OECD International Organizations, UNCTAD, Small and Medium Business Development Agencies and Export Credit Agencies of their respective countries.

### FORMULATION OF THE PROBLEM

UNCTAD experts [20] suggest, "Industrial policy" as "any type of targeted action or public policy designed to reorient the sectoral structure of production to those sectors that are projected to be able to open wider prospects for economic growth than in the absence of such". Such measures are aimed at diversifying the internal structure of production and facilitating the accumulation of potential in new industries or in new activities, and are part of the so-called vertical industrial policy.

### ANALYSIS OF RECENT RESEARCH

Ukrainian researchers have studied the transformational changes in the field of new industrial policy deep enough. In particular, V. Galasyuk [2, p. 49], I. Guzhva [3, p. 84—85] investigate export promotion and tariff protectionism in foreign trade and the mechanism of industrial development through industrial parks. V. Korneyev [7, p. 180—181] studies the impact on the industry of financial intermediaries and the state financial development policy. V. Panchenko [12, p. 10—20] and N. Reznikova [14, p. 48—51]; [15, p. 7—10] in their works developed the theoretical foundations of the transition from neo-protectionism to the next stage — economic nationalism. In particular, they emphasize that "industrial policy", "sectoral policy" in domestic practice and theory are considered synonymous; although in foreign literature the term "industry" means any area of industrial activities, including the sphere of services" [11, p.5]. However, if this term means "industry" then it is used in a narrow sense and reflects industry policy itself.

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### THE RESEARCH RESULTS

At the present stage, there is an outdated already broad consensus that industrial policy must ensure the competitiveness of the entire manufacturing sector and encompass almost all of the economic sectors that produce gross domestic product. In this approach, "in addition to industries, it is proposed to stimulate construction, transport, agriculture and services" [15, p. 6].

However, in our opinion, such an expanded approach does not help to resolve the issue of modernizing the "mission of Ukraine" not as an agrarian but a new industrial state. The experience of many developing countries shows that modernization, given to the redemption of the free market, without carrying out proactive industrial policy measures, is not able to solve the problems of structural transformation of the economy as a whole. However, in our view, industrial policy should not be limited to addressing the problems of individual industries, but rather to promote the efficiency of the economy by optimizing the allocation of resources and responding adequately to external shocks.

A. Moskalenko [10, p. 462] emphasizes, "International technological unevenness determines the differentiation of countries by the level of economic development. In developed countries, a new technological mode of production is being actively formed, which... contains technologies such as biotechnology, artificial intelligence systems, global information networks and integrated high-speed transport systems, nanotechnologies, etc.". They determine the place of the country in the future global distribution.

The Government's role in the formulation of industrial policy is, first and foremost, to create an institutional environment that would enable effective action to be taken to ensure progressive changes in the structure of industrial production by attracting additional and redistributing available resources. This approach involves considering the new industrial policy as a set of specific measures, which are described in the relevant action program according to the chosen strategy, depending on the stated goals. Both national and local authorities through the development and implementation of a set of measures to improve the competitiveness of the industrial complex to ensure economic growth in the country implement effective industrial policy.

The transition to higher technological structures as a guarantee of raising socio-economic standards in the country is possible only in the case of complex structural and technological restructuring of the outdated industry.

Researchers generally identify two models of industrial policy — rigid and soft [11, p. 6—7]:

1. The rigid model involves the use of tools such as:
- direct redistribution of country resources for the benefit of specific economic entities — or industries;
  - preferential taxation, subsidies;
  - availability of government orders;
  - direct investment;
  - state regulation of prices for certain categories of goods;
  - state guarantees on subjects' loans;
  - the presence of a high duty on non-investment and non-raw materials;
  - asymmetry of information;
  - high level of assignment of bureaucratic rent.

This model relies on budget subsidies and preferential lending to priority industries. However, this implies the implementation of a protectionist course in foreign trade aimed at creating so-called "greenhouse" conditions for national producers and attracting foreign direct investment, which are motivated by the interest in avoiding high input tariffs on finished goods at import.

2. The soft model involves the use of other tools, namely:

- support for the competitiveness of national companies and conduct business in all sectors without the allocation of state support entities;
- technical regulation;
- production risk insurance and non-financial support for exporters;
- assistance with R&D;
- infrastructure development;
- staff training and retraining;
- high "quality" of bureaucracy and low level of assignment of bureaucratic rent.

This makes it possible to emphasize the promotion of competitiveness of national producers, the cultivation of so-called "national champions" with the support of state agencies and ministries of investment infrastructure and innovation projects that allow private businesses in the country to increase the level of efficiency.

Thus, industrial policy can concentrate on the creation and development of priority sectors of the economy, as well as focus on stimulating the activities of national manufacturing companies. At present, whatever the experience of developed countries in harnessing the potential of industrial sectors of the economy and tools for implementing industrial policy, it is necessary to take into account the stage of economic development and the strategic challenges facing the state.

At the stage of implementation of the new industrialization policy, it is crucial to borrow technology and investment imports. Low customs tariffs, tax breaks, subsidies to consumers of investment imports and restrictions on imports of finished industrial products stimulate this. In the context of refocusing on the production of high-tech products, investment imports (machinery, equipment, equipment) can have a much greater positive effect on the economy than the positive balance of trade. For transitional countries, technology imports, foreign investment and licensing often play a more important role than manufacturing using outdated or underperforming domestic technologies. The International Monetary Fund's policy in this case does not look like an

end in itself and set the reduction of payment imbalances. Because the negative trade balance, which would apparently arise in case of payment of expensive imports, in this case is not the result of "eating up" of credit lines, economic policies aimed at further economic growth.

In the next phase of export-oriented growth, institutional, administrative and monetary instruments of export promotion are used. Increasing exports of industrial products as part of the solution to the problem involves a number of interrelated tasks that in a comprehensive manner it must be performed, synergistically increasing the efficiency of each. The monetary regime of flexible inflation targeting or the choice of a rigid exchange rate will help to attract foreign direct investment in priority sectors of the economy. The use of market mechanisms of state incentives for industrial exports with a large share of value added will increase the competitiveness of their own industrial products, and the implementation of effective import substitution programs will support the exchange rate of the national currency.

At the stage of accelerated economic development, it is possible to reduce the direct influence of the state on big business and give priority to supporting small and medium-sized businesses. Tariffs and/or non-tariff barriers to export-import activities may be reduced in conjunction with tax and customs optimization measures, primarily to encourage the inflow of long-term non-speculative foreign direct investment. It stimulates geographical diversification of foreign trade flows in order to exploit the country's potential for new emerging markets. It is logical to stimulate the state to increase wages and raise the educational level of the workforce.

At the stage of sustainable market development, horizontal industrial policy instruments come to the fore, and vertical instruments are used in the context of counter-cyclical policy. Early application of horizontal approaches may not be effective at the end of the growth phase.

Thus, the effectiveness of implementing a new industrial policy is determined by the optimal combination of general (measures to ensure a level playing field for all industries and business entities) and selective (measures to support certain priority industries and business entities, in particular SMEs) instruments of state support. Particularly effective actions can be in the field of public-private partnerships (targeted programs, investment and innovation projects, product sharing agreements, joint ventures, regional investment and innovation projects, large-scale privatization, vertical integration, mergers and acquisitions of companies to form industrial national champions).

Economic and geopolitical factors must be taken into account when developing a new national industrial policy. As G. Kissinger summarizes: "The political and economic organizations of the world are at odds with each other. The international economic system has become global, while the political structure of the world continues to build on nation-states. Economic globalization, by its very nature, ignores national borders" [5, p. 294—295]

Experience in promoting US industrial policy used by CEE countries. The industrial policy of developed countries emphasizes the importance of intangible factors (information, scientific knowledge, skills of the workforce)

in ensuring the competitiveness of enterprises. The countries of Central and Eastern Europe (CEE), in addition to the experience of the European Union, have used many years of experience as a world leader — the United States.

The United States has consistently pursued industrial policies to maintain the viability of its industrial base and maintain its global technological leadership. In recent years, the attention of United States policymakers has not focused on providing national strategies and national programs with centralized focal points for industry-specific development, despite the fact that such a model has been used periodically in the past. Instead, they used a more decentralized approach whereby a variety of initiatives and programs developed at the federal and state levels supported both traditional and emerging strategic industries.

State incentives for investment in the country's industry are actively used by the US government and include broad communication of the business environment with available and potential investment opportunities and a range of measures in the area of investment climate. The introduction of accelerated depreciation, the application of various tax breaks, the reduction of the effective corporate tax rate in the United States are examples of how fiscal policy instruments increase the return on industry, whose products in the country's foreign trade play a leading role.

In its role as an "entrepreneurial state", the United States assumes major risks and plays a leading role in shaping markets in the development and commercialization of new technologies that are considered important to the country.

As a coordinating state, the United States creates networks and manages and manages networks between different entities in innovation systems (such as companies, financial institutions, research institutes, and government funds), and within organizations and institutions.

CEE countries used many of the US experience to promote small and medium-sized businesses. Global experience shows that small business, which also includes medium-sized businesses (SMEs) in most countries, is a key segment of the modern market economy, with a large portion of national economic resources concentrated. Thus, more than 95% of the total number of US enterprises are SMEs, namely small and medium-sized enterprises produce almost half of the total output, create more than 75% of new jobs [23].

The US model of small business financial support involves the direct support of small business through public

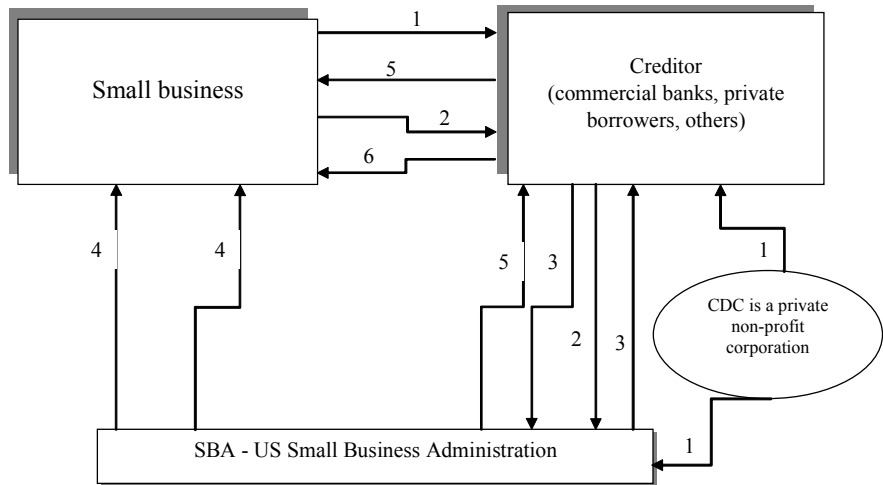


Figure 1. US SME lending schemes

- US Small Business Loan Scheme 7A (direct arrows):
- 1 — small business provides the creditor with documents for obtaining a loan;
  - 2 — the creditor submits an application for SBA review;
  - 3, 4 — if consent to lending is obtained, then SBA acts as the guarantor of the loan for the small business and at the same time insures the credit risk;
  - 5 — the lender provides funds to the small business.
- CDC / 504 Small Business Loan Scheme (Zigzag Arrows):
- 1 — a private non-profit corporation (CDC) finds a lender, acting as an intermediary between the SBA and private lenders;
  - 2 — small business provides documents to the lender for the loan;
  - 3 — the creditor submits an application for consideration of the SBA;
  - 4, 5 — if the consent to lending is obtained, then SBA acts as a guarantor of the loan for small business and at the same time insures the credit risk;
  - 6 — the lender provides credit resources to the small business.

money and the independent functioning of private small business financing. Thus, in the area of SME support, the most widespread use in the USA has been:

- private investment, as a rule, of wealthy families, with the aim of "aggressively investing" part of family funds in small businesses;
- professional funds that manage the money of various organizations;
- resources of investment companies, investor associations to find the most attractive venture businesses;
- resources of insurance companies, which are usually more conservative and often require a certain share of equity to guarantee their interests.

The US Small Business Administration (SBA) is the world's most important and successful small business financial support institution. The SBA is pursuing a rather aggressive policy in order to find market opportunities for small businesses with export potential. Working with various government agencies and universities, the SBA regulates the operation of approximately 900 small business development centers that provide technical and managerial assistance to entrepreneurs. The immediate result of SBA's activities is to increase access to credit for small businesses; reducing private equity risk; increasing the share of small business in US GDP. Within the SBA, the current programs are updated annually. There are also new areas of support for small businesses. The most famous programs are three: — 7a; — CDC / 504; — microcredit loans.

**Table 1. SBA programs and their features**

Program	Types of loans under the program	Short description
7a	<b>Special program for small business lending, which includes financial assistance for enterprises with special requirements</b>	
	Express SBA and pilot programs	Offer an improved and expedited version of the lending process for individual groups of borrowers (for military personnel, veterans, and other such borrowers)
	Export Development Credit Programs	Provide financial assistance to small businesses that are exporters, include credit programs specifically designed to encourage exports
	Rural business loans	Designed to provide financial support to farmers. Feature of the program – simplified procedure of crediting, optimization of process of registration and processing of credit application
CDC/ 504	<b>Long-term fixed rate lending program for fixed asset acquisition.</b> The program provides additional financing for working capital, consolidation, repayment or refinancing of debt	
	Loan secured by a private lender	Providing a loan for up to 50% of the project cost
	Credit secured by CDC	A type of CDC lending where 100% of the project cost is covered. The SBA provides a full debt guarantee (100%) with collateral covering up to 40% of the project cost. The contribution from the borrower is at least 10% of the project cost
Microloans	<b>The microcredit program provides small short-term loans to small businesses.</b> The maximum loan amount is \$ 50 thousand. (Average micro-credit is \$ 13,000)	

Source: SBA USA [21].

In general, SBA activity from the point of view of commercial banks, which are under guarantee for lending to a small business, can be represented as a generalized scheme Fig. 1 [19].

In summary, the features of SBA lending programs and the types of loans available to SMEs are presented in Table 1.

In EU countries, the share of SMEs in the total value of exports in 2015 was about 35%, and in Ukraine — 14.5% [10, p. 41]. There are reserves for attracting SMEs to meet the goals of the new industrial policy through export growth. But there are some serious obstacles in the way of their realization. Namely: "identification of business opportunities abroad; identification and analysis of markets; establishing contacts with foreign clients; ensuring the reliable representation of the commercial interests of the company abroad; access to financing of foreign economic activity; management's ability to devote sufficient time to managing the company's operations in foreign markets; attracting professionals to assist management in conducting operations in foreign markets; cover the costs of entering international markets; counteracting unfair competition: difficulties in obtaining state support"[18].

One of the incentives for new industrial policy is the practice of debt relief for countries, which is mainly used when borrowers have "critical" or close levels of credit risk. Debt write-offs to London Club creditors were first applied in 1990. For Mexico, Costa Rica and Venezuela. In the first half of the 1990s, between 30 and 50% of the commercial debts of Bulgaria, Romania, Hungary, Poland, Egypt were written off, which was due not only to economic but also political considerations. The example of Poland shows that, along with the success of market transformations, debt relief took into account its assistance in conducting operations in Iraq. In addition,

according to some estimates, the debt of these countries was estimated at more than 600% relative to annual exports, which is more than double the critical level. Debt relief is also applicable in other cases, for example, when implementing the technology of issuing long-term Brady bonds of various modifications for countries suffering from excessive debt.

Poland's long-term economic growth trends significantly outpace the dynamics of the other 27 EU countries. The key to the rapid development of the country's economy is to increase labor productivity, increase production efficiency through the introduction of new technologies and investments. Largely, these achievements were the result of debt relief and industrial policy measures. The main creator of the Polish economic miracle Gz. Kolodko [6; p. 65], concludes that "countries that are able to draw the

appropriate conclusions for economic policy from relevant economic theories are developing faster. There is a chance to stay on the path of rapid growth for many years, as for Poland in 1994—1997, when GDP per capita has grown by as much as 28%."

In 1989, the Polish government began negotiations with 17 state creditors represented by the Paris Club on the partial repayment of the country's debt. It ended in 1991 with the signing of the protocol on 50% reduction and 50% reorganization of external debt on accepted long— and medium-term loans. The repayment consisted of a two-stage reduction of commitments, initially 30% in 1991—1994 and the next 20% in 1994, but only with Poland's timely payment of 20% of the interest in 1991—1994 and economic reforms under IMF control; establishing in the process of negotiations with private creditors the same scale of debt repayment.

Poland's industrial policy has evolved from predominantly vertical to horizontal approaches. According to the European Commission, horizontal support measures today account for more than 70% of total state aid in Poland. The contribution of SMEs to the GDP of Poland exceeds 51% and the share of total employment — 68% [4, p. 56]. The main priorities of horizontal industrial policy are market conditions, stable and predictable legislation, availability of financial, labor, innovation resources. The key prerequisites for the success of Poland's industrial policy are researchers, in particular I. Guzhva [3, p.102], who emphasize the stimulation of industrial exports. As part of the government's export support program from the Republic of Poland, exporting companies can attract long-term credit resources under the insurance coverage of the Export Credit Insurance Corporation Joint Stock Company (KUKI) of the Polish Export Credit Insurance Corporation products of Polish manufacturers for export.

There is support for investment in leading industries in different categories (new investment, foreign direct investment, job creation, etc.). Special investment regimes, government grants under the Investment Support Program (important for the economy for 2011—2020), EU structural funds resources, etc. are used as investment promotion instruments. Poland ranks high in the EU in terms of investment competitiveness. Support for job creation "depends on the project and can reach up to 15.6 thousand zł (\$ 4 thousand) per job. There is also support for training programs aimed at improving the skills of the staff — the maximum amount of compensation is 70%" [2, p. 44];

Preferential investment regimes in Poland operate in the territory of 14 Special Economic Zones (SEZs). Favorable conditions of doing business in these territories include tax benefits, easier employment procedures, quality infrastructure. Producers in industrial parks located in Polish SEZs can receive from the state exemption from corporate tax or personal income tax, as well as partial exemption from property tax.

Financial support for the innovation and technological development of the economy is provided through the Intellectual Development Program ("Kredyt na innowacje technologiczne", Programu Inteligentny Rozwoj), while facilitating access to financial resources for small and medium-sized enterprises (SMEs) in the form of grants and loans through the above US experience. financed from the state budget and European funds. Encouraging the development of SMEs, especially in innovative industries that produce high value-added products for the government, is a priority. It is also important to support the industrial development of the regions as a component of the country's development in the framework of a successful decentralization reform.

The stability and high activity of the financial sector in the supply of services to businesses is also a key factor in the new industrial policy. The Warsaw Stock Exchange is the largest financial market in the CEE region and is a truly innovative hub for trading financial instruments open to issuers and investors from Poland and other countries.

Over the last 15 years, Hungary has achieved high economic growth rates, ahead of the European Union on average, due to its ability to attract foreign direct investment and its own monetary policy — non-eurozone and the flexibility of its own national currency — forint. Hungary has become the CEE region's leader in attracting foreign investment through the establishment of industrial parks. World experience has shown that industrial parks can be an effective way of attracting investment in certain sectors of the economy, contributing to reducing unemployment and developing better technology and infrastructure.

In the last ten years, Hungary has succeeded in becoming a leader in attracting foreign investment through the establishment of industrial parks. Due to its ability to attract foreign direct investment in high-tech areas, Hungary has also achieved the greatest success in the electronics industry, unlike neighboring Slovakia, with priority in the development of engineering, transport. Hungary needs foreign direct investment to integrate existing and future electronics companies into global

manufacturing networks. Meanwhile, as 90% of foreign direct investment in the country goes to the electronics industry, in 2001, Hungarian exports accounted for 50% of total exports of electronic goods from Central and Eastern Europe.

Today, there are more than 160 different industrial parks in Hungary, among which investors can choose according to their activities and specialization requirements. The number of industrial parks in Hungary and their performance indicators (profitability and export volumes) have increased more than fivefold since 1997, while the number of people working in industrial parks has almost quadrupled. The Hungarian Investment and Trade Development Agency states that industrial parks currently produce 25% of total industrial output and 40% of exported industrial output. Drivers of growth -in labor intensification and return on labor. At the same time, labor productivity in industrial parks is more than 70% higher than the average labor productivity in the Hungarian economy and only 15% lower than the average labor productivity in the EU as a whole.

All industrial parks in Hungary offer the following services:

- basic infrastructure. It includes water and sewerage services, electricity, gas, paved roads, telephone network and site lighting. Industrial parks that are more sophisticated offer additional infrastructure, such as Internet access, digital integrated communications networks, asymmetric digital subscriber lines, access to fiber optic communication lines (VOLs), and more.

- ancillary services — administrative and innovative services. Administrative services include Single Window, Bank Affiliates, Administration, Management and Legal Representation. Additional innovative services: consulting and monitoring of tendering.

- supplier base. Industrial parks are designed to support the development of a strong supplier base.

- professional cooperation. Industrial parks can help reduce production costs by establishing collaboration between similar technical work operations / companies.

In addition to providing these services, Hungary also has an excellent transport system. Most industrial parks have motorways connected to the European motorway network. At the same time, even the outermost regions can be reached through 60 airports in a relatively small area of Hungary.

With the state support in the Hungarian industrial parks began to pay more attention to research work. In addition, Hungary has a number of educational institutions that provide business and skilled.

At the national level, the Hungarian Government offers incentives and financial assistance to promote the development of industrial parks and attract investors. Once investors are entitled to be called "industrial park residents," they can apply for various types of financial support, from national subsidies to duty free zones. The Hungarian Government also proposes co-financing of various types of investments. Investors can also receive financial assistance by applying for EU grants.

To implement state support for exports, the Hungarian Government, together with the Hungarian Chamber of Commerce and Industry (CCI), in 2013 established JSC

Hungarian National Chamber of Commerce. It opened its representative offices in 25 countries and promoted exports in the first year of its operation in 2014 2.3 thousand small and medium-sized enterprises of the country for a total amount of 125 million Euros [19].

The importance of functioning trading houses in Hungary is to fulfill their dual role in promoting exports. On the one hand, they are communities that bring together professionals in the field of international trade to help businesses. Moreover, on the other, act as a mediator between government and business, issues of support for foreign economic activity, which will be an interesting mechanism for Ukraine's industrial policy.

The Czech Republic was also one of the first CEEs in 1998 to introduce a state program for the development of industrial parks. In the 7 years since its launch, about a hundred industrial parks have been created; investors have invested more than € 9 billion in new productions, created more than 70,000 jobs. V. Halasyuk shows that "in 1990, by real GDP per capita, the Czech Republic was 2 times ahead of Ukraine, today it is 4 times ahead of Ukraine" [2, p. 44].

In the Czech Republic, manufacturers in industrial parks under different programs can receive corporate tax exemption for up to 10 years and property tax exemption for 5 years. In addition, the Czech Republic grants up to 300,000 CZK (\$ 12,000) to create each new job in industrial parks.

## CONCLUSIONS

The basis for the successful stimulation of industrial growth in the region were: the availability of its own currency (gold, kroner and forint) and the conduct of an independent exchange rate policy, the creation of industrial parks and special economic zones, as well as the use of mechanisms of cheaper and export insurance through Export Credit Agencies.

Poland's peculiarity in pursuing industrial policy on a new basis was the cancellation of most and the successful restructuring of the remaining public debt. On favorable terms for Poland, this debt was repurposed over the long term both to international financial institutions (IMF, World Bank, etc.) and to large private lenders. Reducing the debt burden has set the stage for job creation and technological re-equipment in the industry.

A feature of Hungary's new industrial policy is state support measures for enterprises specializing in new high-value-added technologies — in particular electronics, in contrast to neighboring Slovakia, where the Government has taken a course to encourage the creation of a car cluster that solved the problem of unemployment and job reduction. In addition, a special feature of Hungary is a developed system of trading houses with the aim of promoting Hungarian exports abroad with the financial assistance of the State Export-Import Bank and the Export-Credit Agency, working in close cooperation.

It is recommended that in the framework of the new industrial policy in Ukraine actively involve small and medium-sized enterprises (SMEs) in the export activity and stimulate their work by creating a specialized State Agency for Small and Medium Business Development following the example of the United States of America and using the experience of CEE countries.

Drawing on the experience of Hungary, we propose in Ukraine to establish a National Trade House with a network of representative offices in major regions to financially and organizationally support export promotion in cooperation with the state specialized Ukreximbank and the newly established Export Credit Agency of Ukraine [17]. We also look at the existing need for the domestic industry to use the Polish and Czech experience of creating and taxing the government and local United Territorial Communities (UGT) in Ukraine of an extensive industrial park network within the framework of decentralization processes.

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