

INSIGHTS INTO GLOBALIZATION OF UKRAINE'S ORE MINING AND PROCESSING ENTERPRISES

An important role in the national economy of Ukraine is played by ore mining and processing enterprises that with the metallurgical enterprises are the mining and smelting complex of Ukraine. Economic activity of enterprises is conditioned by connections and relations in an environment, which is characterized today by the high level of uncertainty. The degree of enterprises' coordination with their environment influences their economic security to a great extent.

The globalization of world economy as a process of communication strengthening among different countries economies is accompanied by structural changes, intensified international competition, expansion of point-of-sale and other forms of external economic relations, importance of innovative and information spheres, aggravated ecological problems. All these events have today more and more influence on economic processes, rapid exhaustion of resources and extended search of resources for further development.

Considering the distinctiveness of Ukrainian ore mining and processing enterprises' operation and their place in the world market of iron-ore raw materials (5%), the globalization factors and their influence are analyzed in the aspect of creation of new possibilities for their development and emergence of threats to their security. The most important factors of globalization that influence on economic security of ore mining and processing enterprises of Ukraine are selected as follows.

1. *Conditions in world financial markets.* On the one hand financial market globalization simplifies the financial relations among countries and processes of capitals flows and on the other hand it can create certain instabilities and threats (for example, the deceleration of economic growth in one separate country can result in the worsening of financial situation in the world).

2. *Conditions in world markets for commodity products.* The greatest world players in the market for iron-ore raw materials control it to a great extent and have a monopolistic position allowing increasing prices because of that. The Ukrainian producers of iron-ore raw materials follow a global tendency and set

prices at the level of the world ones. In order to increase the discipline and predictability of iron-ore raw material market, its substantial consolidation is carried out both among traders and among the product consumers.

3. *Possibilities of consolidation in the internal market.* Ukrainian enterprises making iron-ore products have a considerable degree of consolidation but their possibilities of consolidation within the borders of the state are limited by a number of accessible assets. It creates certain difficulties on the way of integration with world producing enterprises of analogical products. Ukrainian mining industry has approximately the same level of consolidation as worldwide but also far less potential for mergers and acquisitions within the country.

4. *Efficiency of economic activity.* The processes of globalization contribute to the economic growth and to the increasing productivity of enterprises which are a part of integrated company, through such factors:

- gaining access to the foreign investments;
- using new technologies, including those which are property of enterprises within the integrated company;
- acceleration of modernization process of fixed assets;
- weaker competitiveness of products through sales of manufactured goods because of possible reorientation to the needs of consumers within the integrated company (as a rule, expansion of assortments of enterprise's products implies diversification of sales and gives it more stability in the market);
- balancing the volumes of supply and demand for commodity products;
- optimization of transaction costs in sales promotion to the international markets of sales;
- defence of interest groups in international markets;
- deepening of processes of international labour division; creation of new workplaces and, thus, increase social stability in a region;
- unification of legislation and accounting which will assist to more rapid further processes of redistribution of market between its basic players;
- increase of ecologic standards of productive activity.

In the globalization context in the nearest future the good performance of ore mining and processing enterprises will not be able due to the radical changes of technologies in mining and processing but owing to the introduction of innovative methods of management and new information technologies. Managing knowledge-

intensive processes and modernizing fixed assets in these enterprises are needed in order to produce the competitive goods of high degree of readiness and reduce production costs.