

## **INTEGRATION - A WAY TO INCREASE RUSSIAN ECONOMY'S COMPETITIVE ABILITY**

Russia has to solve various micro – and macrotasks to increase national economy's competitive ability in conditions of globalization and tough world competition. It's necessary to strengthen Russian position on the world market in various fields of economy. Many homegrown enterprises can't compete even on the internal market, the market of CIS, say nothing of the world market. So national competitive ability providing is one of the most important problems, it will increase effectiveness of Russian participation in the world labor division and determine the key directions of strategic development. One of the ways of strategic development is an international integration connected with international labor division, interstate cooperation and specialization. It means complex interactions of national economies and creation of interrelated production network. Such integration helps to develop stable interactions among countries – participants of the integration process, leads to their economic merger and to the concurrence of their activity in various fields.

What integration is the most effective for our country? As far as geopolitical, historical and cultural circumstances are concerned, the most prioritized direction for cooperation is interactions with CIS countries, it is being developed successfully now. Russia is a participant of various international organizations, such as CIS, EurAsEc, SCO, CSTO. According to some experts, CIS was necessary to cope with disintegration and decline. Commonwealth provides efficiency of transport and energetic systems, numerous economic interactions, simplify migration processes etc.

EurAsEc has been working effectively on the world market for more than 10 years. It turned out to be actual, its main achievements are Custom Union of Russia, Byelorussia and Kazakhstan, Anti - crisis Foundation, Hi – Tech Center, all these encourage common economic space forming and increase competitive abilities of countries – participants.

SCO – an organization, created for trust, friendship and good – neighborly relations of countries, situated on the line East – West on the former Soviet

territory and China.

CSTO is considered to be effective, it provides security on the former Soviet territory.

As usual, companies, leading on the regional level, are spreading their frontiers to the national and then – to the mesoregional level. So a prioritized strategy for Russian enterprises is a mesoregional integration with sectors of regional networks of neighboring states. For example, Ukraine, being the closest neighbor of Russia and the second largest after Russia state on the former Soviet territory, can be our key business – partner.

Both countries are part of common economic space of former USSR, the most part of their manufacturing and transport infrastructure is interrelated, there is also a common system of a brunch and territorial labor division and production cooperation. Today Russia is the largest trade partner of Ukraine, according to Rosstat Russian foreign trade's turnover of the first half – year period of 2011 is 25232mln US\$ (6,5 % of the total sum), having increased by 37 % in comparison with the last year. The volume of Ukrainian export has increased and vice versa. Russian investments in Ukrainian economy in 2010 is 1393113 mln US \$ (Russia invests more money only in Byelorussian economy). Ukrainian investments in Russia are 578219 mln US \$. So both countries are interested in various kinds of cooperation. The key point here is gas, however, Russian business is presented in mobile communication, production of consumer goods, food industry, chemical industry, energy production, car production and banking. Russia is an owner of blocks of flats, sanatoriums, etc. in Ukraine. The countries have similar interests in the field of through haulage to European countries and car production. The economic integration between the two countries, partly saved from the Soviet times, encourages production cooperation in oil refining, atomic energy, car production, aircraft engineering, shipbuilding and military industrial complex.

Common features of Russian and Ukrainian cultures, historical heritage play a very important role in the countries' cooperation, lots of Ukrainians live in Russia and vice versa.

So, to strengthen competitive abilities of the both countries, it's necessary to develop programmes of their cooperation. It can be encouraged by research and technology, investment and innovative cooperation, also cooperation in energy production, in interstate corporations, production – financial groups, joint ventures etc. Increasing volume of goods turnover between the two countries encourages

common economic space and free trade area creation, all these will help to reinforce Ukrainian and Russian position on the world market.