

# PROSPECTS FOR THE DEVELOPMENT OF INDUSTRIAL PARKS IN UKRAINE

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**ABSTRACT.** *The article consists of 10 pages, contains a preface, which discusses the relevance of the study of industrial parks development, the purpose of the study, the degree of scientific development of the topic, the main part, conclusions, reflections on the prospects for future research and a list of references. The article analyses the main aspects of the creation and operation of industrial parks in Ukraine. The problematic issues that accompany the creation of industrial parks in Ukraine are outlined.*

**Keywords:** *industrial parks, classification of industrial parks, territory of an industrial park*

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**Relevance of the research.** The relevance of the topic under consideration is that as a result of hostilities caused by the military aggression of the Russian Federation against Ukraine, a number of production facilities have been destroyed, and access to resources and raw materials, as well as markets, has been hampered. Industrial parks are a relatively new concept in Ukrainian investment law. During the war and after the victory, during the period of reconstruction and further development of the country, they can contribute to economic recovery due to their economic and geographical advantages. The extensive experience of industrial parks in many countries has proven the high efficiency of this organisational and economic mechanism, which has a systemic multi-purpose impact on the economy, contributing to the creation of a powerful modern industry, improving structural proportions, creating new jobs and at the same time acting as a powerful driver of local and regional development, overcoming the depression of certain territories.

**Degree of research.** Leading scientists have made a significant contribution to the study of issues related to the problems of creation and functioning of national and regional innovation systems. The general problems were revealed in their works by such national scientists as O.I. Amosha, V.M. Heiets, M.I. Volkov, M.P. Denysenko, A.A. Dynkin, M.A. Kozoriz, L. Yaremko, V.I. Liashenko. Large teams of authors work on the problems of economic modernisation and creation of regional innovation systems. These scientists have made a significant contribution to the creation and development of innovation systems. O.O. Moldavan's work is devoted to the expediency of introducing industrial parks

in Ukraine, instruments of their state support; the problems of legal support of their functioning are reflected in the works of V.V. Poiedynko. The contribution of O.O. Yehorova is important in highlighting the problems of stimulating the creation and functioning of industrial parks in Ukraine. However, some theoretical foundations of IP functioning, in particular, differences between different types of special economic zones, require in-depth research.

**The purpose of the article** is to reveal the main principles of formation and development of industrial parks in Ukraine, to study the current state of industrial parks and to analyse the prospects for their development..

**Summary of the main material.** Overcoming the systemic problems in the domestic industrial sector requires the decisive use of effective industrial development tools, one of which is industrial parks. This is a time-tested and internationally experienced mechanism for industrialising the economy, attracting investment, promoting small and medium-sized enterprises, increasing employment, balancing regional development, and supporting local producers.

The idea of creating industrial parks originated in industrialised countries over a hundred years ago, primarily as a tool to encourage industrial development. The first industrial parks appeared at the turn of the XIX and XX centuries in Western Europe and the United States, and it is believed that the first such park appeared in Manchester in 1896. Today, the operation of industrial parks is one of the important conditions for the effective development of the economy of many countries. Currently, there are about 15,000 of them, most of them in China, the USA, Turkey and the Czech

Republic. Many of them, about 80, operate in our neighbouring Poland. They provide tens of thousands of jobs and a significant annual increase in the macroeconomic performance of each country. The process of creating industrial parks in Ukraine is at an early stage. Given the successful global experience, a number of Ukrainian regions have initiated projects to introduce such parks on their territories since the 1990s. At the legislative level, relevant initiatives began to appear in 2004. The multi-year rulemaking process culminated in the adoption of the Law of Ukraine "On Industrial Parks" in 2012. The Law of Ukraine "On Industrial Parks" was adopted in 2012.

According to clause 3 of Article 1 of the Law of Ukraine "On Industrial Parks", an industrial park (hereinafter referred to as an industrial park) is a territory determined by the initiator of the industrial park in accordance with urban planning documentation and equipped with appropriate infrastructure, within which the participants of the industrial park may carry out economic activities in the field of processing industry, processing of industrial and/or household waste (except for waste disposal), alternative energy, energy storage, as well as scientific and technical activities. [1].

The legal regulation of the creation and operation of industrial parks is carried out in accordance with the following regulatory acts:

the Constitution of Ukraine;  
 the Tax Code of Ukraine;  
 the Civil Code of Ukraine;  
 the Commercial Code of Ukraine;  
 the Law of Ukraine "On Industrial Parks";  
 Decree of the President of Ukraine dated 30.09.2019 No. 722 "On the Sustainable Development Goals of Ukraine for the period up to 2030";  
 Resolution of the Cabinet of Ministers of Ukraine No. 534 dated 27.05.2020 "On Approval of the State Programme of Economic Stimulation to Overcome the Negative Consequences Caused by Restrictive Measures to Prevent the Occurrence and Spread of Acute Respiratory Disease COVID-19 Caused by Coronavirus SARS-CoV-2 for 2020-2022";  
 Resolution of the Cabinet of Ministers of Ukraine No. 179 dated 03.03.2021 "On Approval of the National Economic Strategy for the period up to 2030";  
 Resolution of the Cabinet of Ministers of Ukraine No. 25 dated 19.01.2022 "On Approval of the Procedure for Consideration of Documents on Inclusion of an Industrial (Industrial) Park in the Register of Industrial (Industrial) Parks";  
 Resolution of the Cabinet of Ministers of Ukraine No. 27 dated 19.01.2022 "On Approval of the Procedure for Maintaining the Register of Industrial Parks".

The idea of creating industrial parks is based on several principles:

- concentration of specialized infrastructure in a local area to reduce pre-production infrastructure costs for businesses. Such infrastructure includes roads, railway sidings, ports, high-voltage power lines, communication lines, water and gas supply;

- relocation of industrial production to the outskirts or borders of the city to reduce negative environmental impacts, ensure localized environmental control specific to the needs of the industrial zone;

- the possibility of providing business entities with a range of information, advisory and logistics services, creating favourable conditions for establishing various production and economic ties between enterprises;

- the possibility of obtaining various forms of state and municipal support, benefits for both management companies and business entities [2, p.6-7].

According to the definitions provided in Article 1 of the Law of Ukraine "On Industrial Parks", industrial parks are divided into:

- 1) national - created in accordance with the legislation of Ukraine;
- 2) cross-border - industrial parks that should be created and operate on the basis of an international agreement of Ukraine concluded between governments or their authorised initiators [1].

Analysing Article 13 of the above mentioned Law, industrial parks can also be classified depending on the initiators of the industrial park creation:

- parks created by state authorities
- parks created by local self-government bodies;
- parks created by legal entities or individuals [1].

The legal regime for these categories is somewhat different. The management company will be selected depending on the initiator of the industrial park: if the initiator is a state or local government body, the management company will be selected through a tender, as the relevant authorities have the right to make such decisions exclusively through a tender in accordance with the applicable law. If the initiator of the creation is a legal entity/individual (and the land plots intended for the creation of the industrial park are privately owned), the management company will be appointed by the initiator of the creation.

The general features of industrial parks include:

- a land plot equipped/prepared for the construction of industrial, warehouse and other real estate. The land may be owned (state, municipal or private) or leased on a long-term basis;

- transport interchange: location near ports, railway stations, motorways. The optimal distance between an industrial park and transport routes should be 1-5 km;

- engineering infrastructure: the management company provides the park participants with engineering communications (water supply, heat supply, electricity and gas connections), can provide transport, security, consulting and other services, which reduces the tenant's capital expenditures;

- developed general infrastructure: roads, telecommunications, recreation areas, post offices, technical libraries, etc;

- management company: owns the infrastructure, provides services to the participants of the industrial park; can be a state, private or joint-stock company of mixed type [2, p.7-8)].

It is worth noting that current practice distinguishes

two types of industrial park land: «greenfield» and «brownfield». In particular, a «greenfield» industrial park provides for the lease/purchase of a land plot by park participants without any development. The companies will be responsible for the development of industrial space in accordance with the specifics of the industrial park and their own needs. Typically, this type of industrial park is most attractive to corporations and large enterprises. «Brownfield» industrial parks involve the lease/purchase of land plots of already built structures and infrastructure by park participants [3, p. 285].

Since the beginning of the formation of industrial parks to the present day, the basic idea of their development has remained unchanged. Enterprises uniting within an industrial park have the following advantages:

- receiving a range of services related to organizational and legal regulation of activities, transferring some functions to the management company of the industrial park
- expanding access to resources, including financial resources;
- reducing costs due to the joint use of infrastructure;
- expanding opportunities to enter international markets;
- involvement in scientific, technical and innovative activities;
- institutional consolidation of certain preferential conditions of functioning [4, p.70].

In other words, the main role of industrial parks is to increase investment activity, economic development and production growth in a certain territory, to form regional growth points and to solve social and economic problems of regional development. It is the IPs that have the important task of ensuring structural transformation and technological modernization of the Ukrainian economy.

In theory, almost all parties benefit from an industrial park. Participants in an industrial park minimize their material, financial, labour and time costs by coming to a ready-made production space. They can also receive support services from the management company. In turn, management companies receive income from renting land and production space, equipment and services. Finally, the benefits for the state and local communities include new jobs, increased economic activity and socio-economic development of the territories.

The creation of industrial parks should be a priority and large-scale project that will allow:

- to create favourable conditions for the location of new enterprises, including those with foreign capital;
- to intensify the processes of attracting foreign and domestic investments into the economy;
- to increase revenues to the budgets of all levels of taxes, fees and mandatory payments;
- to carry out technical re-equipment of enterprises;
- to ensure the production of competitive goods;
- to ensure efficient use of the potential of existing enterprises;
- to increase regional growth rates of industrial production;
- to increase the number of employed people and, as a result, improve social standards and the economic

situation both within the city, rayon and region as a whole;

- to ensure the growth of wages and improve the quality of life [5, p. 20].

Industrial parks have significant positive externalities for the development of regional economic systems and specific territories, which affects the sustainability of economic growth in the whole country. This is due to the fact that the development of industrial parks makes it possible to obtain the following positive effects:

- industrial parks are a powerful activator of modernization of the industrial sector not only in a particular area, but also in the country as a whole by increasing the competitiveness of manufactured products;
- obtaining a synergistic effect through industrial symbiosis;
- increasing the innovation potential and production of innovative products;
- intensification of the development of small and medium-sized enterprises;
- increasing in employment due to increased demand for labour;
- increase in demand for goods and services produced and provided within a short distance from the location of the industrial park;
- ensuring the growth of self-sufficiency of local budgets by increasing tax revenues;
- improving the social sphere of the regions by increasing local budget revenues and the possibility of their redistribution for social needs;
- to increase the interest of investors, including foreign ones, and to intensify the attraction of investment resources;
- to intensify international cooperation by expanding opportunities and access to international markets with competitive products;
- reducing the trade deficit by increasing exports of industrial products and their sale on the world market, etc.

In turn, Industrial parks create special incentive regimes for enterprises (tax, credit, customs, etc.), form a kind of local ecosystem with all the necessary engineering facilities and communication networks (water and gas supply, electricity and telephone networks, Internet, etc.), logistics facilities (warehouses, terminals, ports, airports, railway stations, etc.), social infrastructure (residential buildings, schools, medical facilities, sports facilities, cultural and entertainment venues, etc.), with special business support and service centres for legal, accounting, financial and other issues, with access to business incubators, research laboratories, testing grounds for new developments and other innovative infrastructure facilities. Theoretical and empirical studies show that due to this, enterprises can significantly reduce production and administrative costs, gain access to new technologies and consumers, establish cooperation with other enterprises, research organizations and universities, which contributes to the development of research and innovation, development of new markets and opening up new opportunities for business expansion [6, p. 66].

The main source of funding for industrial park development in developed countries is investment resources. Ukraine needs to create competitive advantages

advantages to stimulate domestic and foreign investment in its economy. Such instruments are not limited to a simple geographical location, but should be aimed at simplifying regulatory norms, creating favourable tax and credit conditions for capital investors, etc. The development of industrial parks and economic zones can lead to significant growth of the domestic economy in the future.

Thus, through the development of industrial parks in our country, we contribute to the restoration of the

economic and industrial potential of our country. Therefore, Ukraine should bring its legislation on industrial parks in line with modern international requirements as soon as possible. This is necessary in order to receive, firstly, grants for the further development of the national economy, and secondly, to attract truly large investments and large-scale infrastructure projects on the basis of public-private partnership. Ukraine has a huge potential to boost industrial development through the mechanism of industrial parks.

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