



STRUCTURAL ANALYSIS OF PRINCIPAL THREATS TO ECONOMIC SECURITY OF THE REGION IN THE PROCESS OF EUROPEAN INTEGRATION

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Abstract

It was found that the threats of economic security are caused by changes in the external environment and internal elements of the operation region. Such destructive impact factors on the economic security of the region as - uncertainty, risk, danger, damage are identified and analyzed. It was established that the main threat to Ukraine is in the domestic sphere and it is determined by internal problems of socio-economic, political, legal, ethical, environmental, energy plan. Threats to economic security and their ranking according to the nature and extent of the possible destructive action are classified. Classification criteria of threats in the region to help in the analysis of probability prediction and control of negative consequences of existing threats to economic security are proposed, sources of hazards and the degree and extent of the negative impact are identified. Based on statistical data, the main threats to economic security of Ukraine are determined and analyzed, and also the relationship between threats to economic security of the region is established. A comprehensive analysis of existing threats to economic security led to the conclusion that they are a dynamic system of cause and effect relationships with a large number of reverse dependencies existence of which can greatly enhance the destructive effect of any specific threats to economic security. It is researched and proved that the combination of systemic effects of endogenous and exogenous risk of regional differentiation is a threat to economic development of the region and the national economy.

Keywords: *economy, national economy, economy of the region, economic security, internal threats, external threats, destructive factors, economic security, region*

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1. PROBLEM FORMULATION AND ITS LINK WITH IMPORTANT SCIENTIFIC OR PRACTICAL TASKS

European integration vector of socio-economic development envisages carrying out essential functional-structural and regulatory institutional changes. Modern European integration policy of Ukraine is formed under the conditions complicated by the influence of internal and external, objective and subjective factors of development. Among these are important issues of ensuring economic security of the region.

Studies of the problems of strengthening economic security of the state and the region are connected with the development of theoretical fundamentals of security, defining principal factors of threats, analysis of the state of economic security under the conditions of participation in the processes of global economic integration. A special emphasis is placed on the most essential characteristics of security based on the analysis of the factors of security, criteria for assessment of vulnerability of national economies, classification of threats to economic security and mechanisms of their localization.

According to Pirpiliu (2012, p. 88), "It has to be mentioned that not any economic problem represents a security problem and not all economic security problems represent national security problems. Defining an economic problem as a security one is not an easy process due to objective conditions- the development level of a state, etc but also due to subjective factors. No matter the level applied, trying to define the economic security implies notions non-quantifiable: perceptions, interests, values as it goes along "with one of the most ambiguous and heavy notions seen in the social sciences", the national security".

Analysis of social-economic development of the country shows that the causes of emergence of threats to economic security are of a regional nature. Growth of disproportions in the levels of social-economic development of different regions contributes to the emergence and further strengthening of negative processes in the economic sector, affecting stability of functioning

of the economy, sovereignty of the state. The situation is aggravated especially by the growth of social inequality of various strata of population of the regions that leads to disruption of social harmony in the country. State independence, security is largely dependent on the regional aspects and, therefore, it is important to study economic security of the region as a component of formation of national security of the state.

In general, we shall note that basically there is no clear approach to the establishment of economic security of the country so far in theoretical and methodological terms, and there are even more problems on the regional level (the minimal set of informative indicators, their threshold values have not been determined, methodological issues of organization of monitoring and decision making have not been resolved with respect to the prevention of threats to economic security, etc.). Any region under effects of general Ukrainian tendencies of social-economic development shows its characteristic problems connected with the formation and functioning of the security system that are determined by peculiarities of the territory itself, for example, by its geopolitical location, climatic conditions, availability of natural resources, by the structure of branches of industries, ethnic composition of population.

2. THE OBJECTIVE

The objective of this article is to substantiate interaction and impact of external and internal threats to economic security of the region in the process of European integration.

3. EXPOSITION OF THE MAIN MATERIAL OF THE STUDY

A range of scientific research works has been conducted on the issue of ensuring economic security of the country, region, and company for recent years. For instance, Neu & Wolf (1994) comment in regard to the US's national economic security the following: "High on the list of concerns is national economic security--the ability to protect or to advance economic interests in the face of circumstances that may threaten or block these interests. The United States is not economically isolated but an integral part of the world economy, doing business in world markets and influencing--

and being influenced by--the international financial environment, economic policies, and commercial and financial infrastructure". They note, that "enhancing international economic security

enhances U.S. economic security--and its physical security, because some situations can escalate to the point that they require a military response.

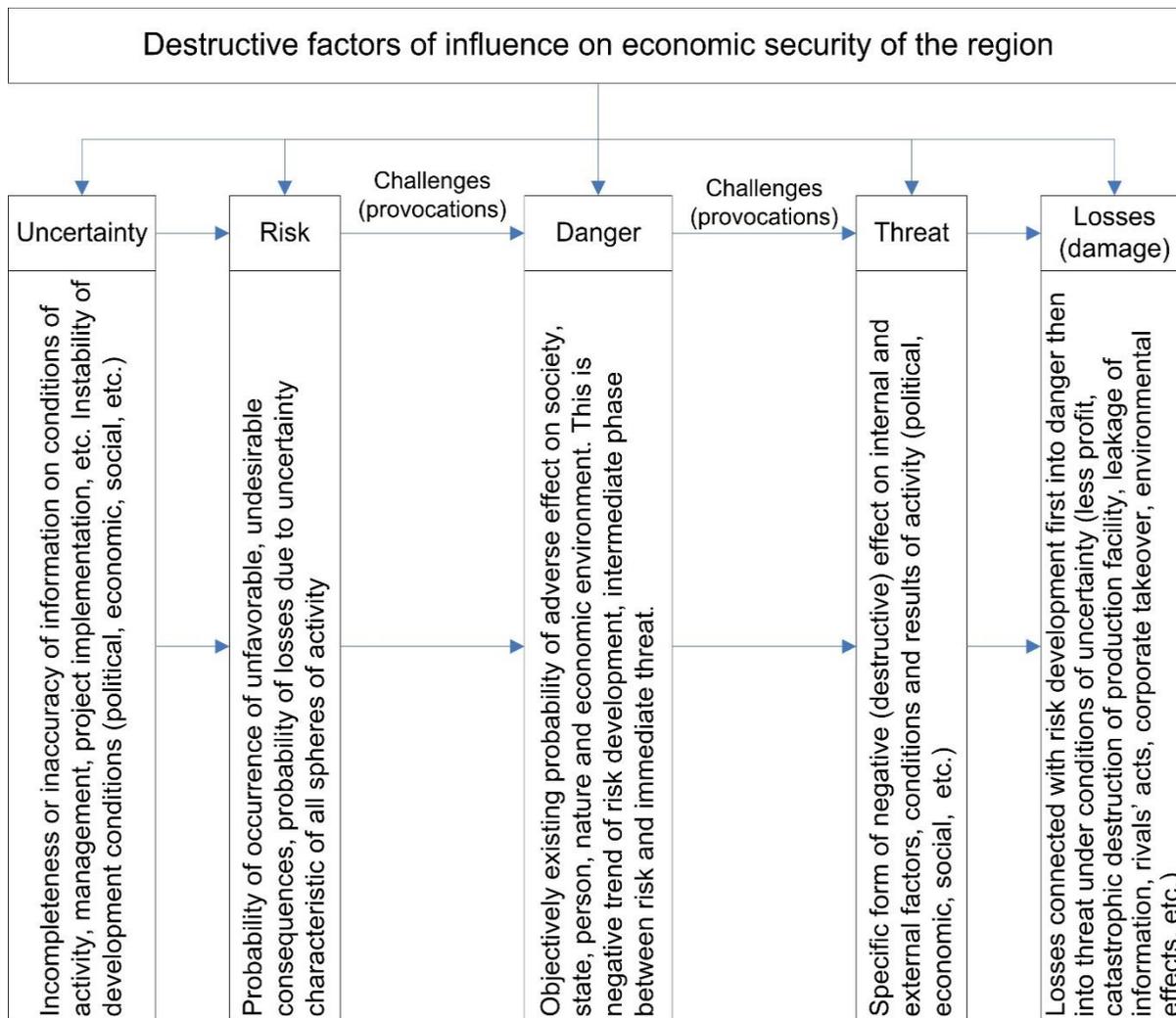


Fig. 1. Destructive factors of influence on economic security of the region

A strong military to respond to such a threat requires strong economic underpinnings--and economic instruments can serve as a nonmilitary form of defense, even as defense considerations can affect the economy" (Neu & Wolf, 1994, p. 5). According to V. Tsookanov, a component of the security system is the mechanism of ensuring economic security which important structural element appears to be the necessity to determine the needs for economic security (Tsookanov, 2007, p. 37). The needs for economic security are influenced by a range of factors, objective and subjective, internal and external, predictable and unforeseen. In concentrated form, they can be

represented as destructive, which have an impact on economic security of the region. For this reason one should distinguish between the following categories: risk, danger, threat, losses (Fig. 1).

Risk in the above chronology of destructive factors is associated with uncertainty and probability of formation of a situation that creates a danger. Challenge is a provocative action or means of pressure, danger is a real possibility of inflicting losses, and threat is the intention to inflict losses. Risks may and should be modeled. Toma, Alexa, & Nistor (2013, p. 67) point out: "Risk modeling is fundamental in economic activities because it

offers and selects the appropriate policies and efficient techniques for risk management and because the risks and threats change over time, it is necessary for organizations to periodically reassess risks and reconsider whether the policies, decisions and control chosen are appropriate and effective". As V. K. Kuznetsov (2001, p. 43) notes, the category "risk" allows recognizing challenges specifically. Challenge is a desire of one state, a group of states to counteract against another state, a group of states in implementation of their national interests. Challenge in the sphere of national security is that what stimulates competition, contest, struggle (Gorbulin & Kaczynski, 2009, pp. 13-16, 19-39).

Osberg & Sharpe (2012) examine trends in the IEWB Economic Security Index for four affluent OECD countries and compare a cross-section of seventy rich and poor countries in 2007/08. In order to reflect better the reality of developing countries, the authors include the volatility of food production in the risk of loss of livelihood, adjust the risks of health care costs to consider the proportion of household spending on food, and add adult male mortality to the risk of divorce in calculation of the risk of single parent poverty in the index. Osberg & Sharpe (2014, p. S53) note that, "Worrying about possible future economic dangers subtracts from the present well-being of individuals, which is why affluent societies have complex systems of private insurance and public social protection to provide a degree of economic security". The authors also point out that such protections are largely unavailable to the citizens of poor nations. This helps us measure economic insecurity in very different contexts, including in the context of Ukrainian economic realities.

Another destructive factor of influence on economic security is danger. As V. P. Gorbulin (2005, pp. 39, 46, 50) notes, danger shows the possibility of occurrence of some conditions of technical, natural, economic or social nature, under which unfavorable events and processes can take place. For example, regional security is such a state of a particular region in which it, on the one hand, can withstand destabilizing influence of external and internal socio-economic threats, and on the other hand its functioning must not create socio-economic (financial, ecological,

demographic, interethnic, etc.) threats to elements of the region itself and its environment.

Assessing likelihood of occurrence of a particular situation, it is necessary to assess possible losses. Losses are actual or possible economic and social damages (declining health of humans from mean statistical indices, that is, diseases or even death of humans, disruption of the process of normal economic activity, loss of property, etc.) and/or deterioration of natural environment due to changes in the environment of man resulting from some events, phenomena and actions.

Along with uncertainty, challenge, risk, danger and losses, some of the basic notions of economic security are the threats that in the above hierarchy are placed between danger and losses. Emphasising the importance of the category "threat", Grigoreva & Fesina (2014, p. 642) say that "An important methodological issue in determining the essential-conceptual notion of "economic security" is the problem of the transition category "threat" to "danger." The concretization of this approach is due to the adoption of a special border line as a criterion for security, as an indication of the critical state of socio-economic system beyond which there is a threat or degradation and destruction of the system". According to the law of Ukraine "On National Security of Ukraine" (Zakon, 2003) the threats to security are understood to be the existing and potentially possible phenomena and factors that are perilous to vital national interests of Ukraine. Threats arise from the conflicts of economic interests of various elements that interact both, inside and outside the socio-economic system. They determine the content and trends of activity aiming at ensuring security. To substantiate specific and most important ways of strengthening economic security and identify forces that provide them it is important to distinguish modern dangers and threats. Threats to economic security are factors that render impossible or complicate the process of realization of national interests and endanger survival of the nation, its socio-economic and political system. Identifying threats and their elimination must be the priority elements of economic policy of the state. A threat can be represented as a system of risks in the state of their interaction in the process of the growth of

threats of destruction of the object or its separate parts.

Ukrainian scientist V. Predborsky identifies the following key economic threats to Ukraine: increasing structural deformation of the economy, decline of investment and innovation activity and the collapse of scientific-technological potential; tendency to transform Ukraine into fuel and raw material supplying periphery of the developed nations; growing dependence on import; outflow of foreign exchange resources from the country; deepening stratification of the society; high level of external and internal debt; excessive openness of the economy, criminalization of economic relations (Predborsky, 2005, p. 20).

We shall note, that structural analysis of the problems of economic security should be conducted taking into account interrelation of economic contradictions, risks and losses that may occur in the result of fulfillment of threats. Threats to economic security are divided into internal and external threats. It is difficult to present the mechanism of interaction of internal and external threats from the standpoint of geopolitical strategy and the globalization process. Internal threats are inability of the country to ensure its self-preservation and self-development, weakness of innovative character, ineffectiveness of state regulation of economy, inability to establish an optimal balance of interests and use the experience of solving social disputes and conflicts. Internal threats are generated by low capacity of the financial system to ensure reproduction (mutual non-payments, disruption of guaranteed budget funding, etc.) to serve public debt, etc.

A prolonged preservation of internal threats without an effective economic policy makes the country more vulnerable to external threats, playing a special role under present day conditions. The main reasons for their emergence are: rapid development of the process of transnationalization of economic relations, integration of national financial markets, and internationalization of world economy. These reasons are concentrated also in relative weakening of regulation of world financial markets (with the increase of their volumes and amounts of business, growing competition between them); expansion of global financial system through the

developing countries entering the world economy (increasing global instability); a steady increase of the volume of capitals, whose mobility (predetermined by the growing speed of transfer from one market to another) creates a tense situation.

The high level of concentration of financial resources on macroeconomic level (budget systems of states and international organizations) and on the level of interstate economic integration, including its financial and monetary component, tendency to concentrate capital or sub-governmental economic subjects possessing a considerable financial power, growth of their influence on the economy of separate countries (particularly on Ukraine); growing intensity of financial transactions, a high level of mobility and interrelation of financial markets (for example, a crisis that occurs in one market quickly spreads to other markets, and this can lead to unpredictable consequences for the entire world financial system) on the basis of the latest information technologies.

It is also necessary to take into account such reasons as interpenetration of domestic and foreign policies of the countries (including Ukraine as well), that are becoming increasingly dependent on global finance, increased competition between Ukraine and other countries in economic and other spheres (loss of sales markets, discrimination of Ukrainian commodity producers in the world markets); excessive dependence of national economies (in terms of budget sector) on foreign short-term speculative capital, that affects negatively their financial systems.

Threats to economic security are more variable, largely diversified, and not always predictable. Therefore, analyzing internal and external threats it is especially necessary to analyze unforeseen factors that determine possible threats. One of the important approaches to the analysis of threats is determination of "the scale of security priorities", classification and ranking of threats depending on their character and level of danger they represent. Such scholars as V. S. Gusev, V. A. Dyomin, and B. I. Kuzin (Gusev, Dyomin, & Kuzin, 2004, p. 21) offer the following classification attributes to threats:

- sphere of human activity (political, economic, social, legal, military, aggravation of interethnic relations, ecological, demographic, genetic, scientific-technical, technological, ideological, psychological, intellectual, information, raw materials related);
- source of threat (internal - source on the territory of Ukraine, external - source located abroad);
- relation to human activity (objective - formed regardless of target activity, subjective – created deliberately);
- probability of occurrence (real - can take place at any time; potential - in the case of certain conditions);
- depending on consequences (general – take place in entire Ukraine or in majority of its subjects, local - in some subjects).

The "scale of security priorities" may change depending on the specific situation, the character and level of threats. In particular, the main threat to Ukraine at present exists in the internal sphere and is determined by internal problems of socio-economic, political, legal, ethical, ecological, energy nature.

The basis of organization, planning and realization of practical steps to ensure economic security is analysis of the concept of threat, assessment of the nature of real and potential internal and external dangers and threats, crisis situations. The system of real and potential threats is not constant, sometimes threats may appear and disappear, may grow and may fail depending on the specific situation, while their effect on economic security will be changing accordingly. For example, the main threat to economic security of Ukraine in the internal sphere under the conditions of unstable development is determined by the internal problems of socio-economic, political-legal, ecological development, etc.

Systematized classification of threats to economic security and their ranking depending on the character and level of possible destructive effect is presented in Fig. 2. According to the classification of threats to economic security there are distinguished, first of all, the spheres (sources)

of emergence of threats. The main internal threats to Ukraine and its regions are:

1. Level of competitiveness of products produced in the country as the most objective integral criterion of viability of the state.
2. Low levels of manufacture of exports, loss of markets for machine-building products.
3. Criminalization of the private and public sectors of economy.
4. Under the conditions of imperfect applicable laws, absence of effective independent judicial system, corruption on all levels of power, redistribution of property takes place, which is characterized by the fact that it applies not only administrative pressure, but also possibilities of dual interpretation of applicable laws.
5. Development of "shadow" and informal sectors of economy of Ukraine.
6. Ineffective investment and innovation activity of potential Ukrainian investors, growth of capital investments in commercial, intermediate trade and financial activity to the detriment of manufacturing business.
7. Instability of production-economic situation triggers emergence of internal threats in social sphere, a serious gap between the rich and the poor leads to the growth of social tensions.
8. A serious fall of living standards of the population has aggravated demographic problems.
9. Growth of the threats of accidents and man-made disasters with serious negative consequences for the environment.

The following should be attributed to the main external threats to economic security:

1. Ukrainian economy is characterized by the great dependence on foreign economic situation, political and economic decisions of integrated groups of foreign countries, international financial and trade organizations that infringe on economic interests of Ukraine.
2. Occupation of internal Ukrainian market by a variety of commodities produced by and, consequently, dependence of Ukraine on imports of numerous types of goods.

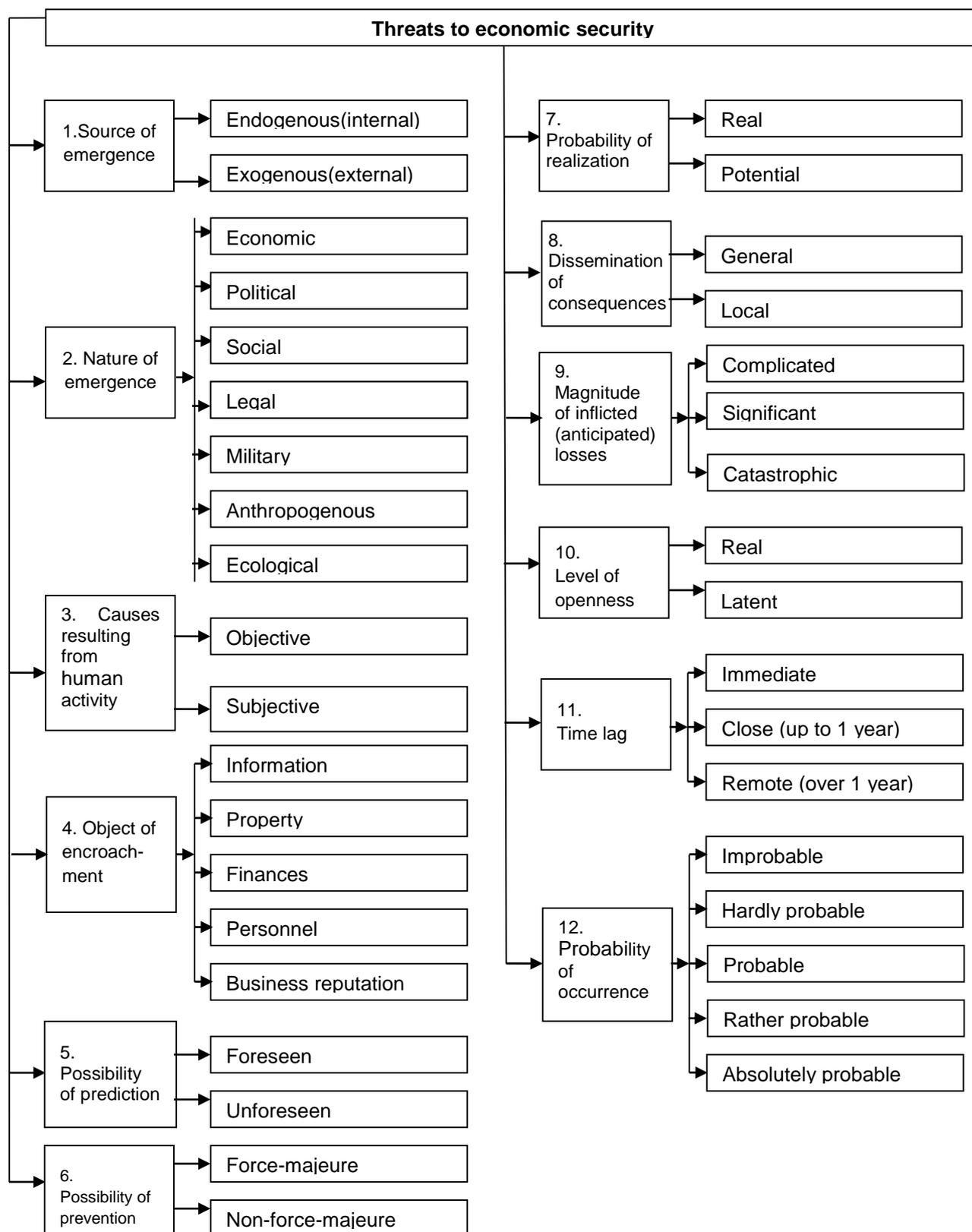


Fig.2. Classification of threats to economic security

3. High level of external public debt, growing budgetary expenditures for its repayment and the growing efforts to use it for exertion of influence on economic and political decisions of leadership of Ukraine.
4. Purchasing by foreign companies of Ukrainian enterprises with the aim of eviction of national producer from the production sphere and, subsequently, from foreign and domestic markets.
5. Inadequate export and foreign exchange controls and unregulated customs and state borders.

It is customary to distinguish emergence of threats by their nature as follows: economic, political, social, legal, military, technological, ecological and others. It is also proposed to classify threats to economic security based on the following characteristics: possibility of prediction, object of encroachment, possibility of prevention, level of openness, probability of realization, amounts of possible losses, consequences and time of occurrence, probability of occurrence.

Human activity can also be the cause of threats. Such threats to economic security are divided into objective and subjective. Objective threats emerge without participation and will of economic entity regardless of decisions and actions of administration. In particular, these are the state of financial situation, natural disasters, technological innovations, etc. They have to be predicted, measured and taken into consideration in decision-making. Subjective threats are generated by deliberate or unintentional actions of people, various agencies and organizations, including national and international.

According to the probability level, it is assumed to distinguish incredible threats, the possibility of which occurrence rate is zero; rare threats, which occurrence possibility is also quite low; probable threats that justifiably threaten market participants; probable enough, the onset of which is almost inevitable; quite probable, which are the closest to occurrence.

Depending on the possibility to predict, they distinguish expected threats which can be predicted, and unexpected ones. The first ones include those, occurring under conditions which

are known from the experience of economic activities, they are typical; they are timely revealed as generalized by economic science. The unexpected ones occur suddenly, unexpectedly. They are associated with unpredictable actions of external actors of economic relations, with the change of the legal framework, the deformation of socio-economic or political situation of force majeure (accidents, natural disasters), etc. Therefore, first and foremost, it is important to promptly identify threats and reduce their negative effects.

Depending on the possibility to prevent, they distinguish threats of force majeure or Acts of God. The first ones are notable for uncertainty of actions (wars, disasters, emergencies). Other ones can be prevented with timely, productive actions. According to the probability of threats implementation, they distinguish real threats that have the effect on the economic object, and the potential ones that can be either implemented, or may not occur depending on external factors and protective actions taken. It is suggested also to divide all threats into general and local, depending on spreading of the consequences of their actions. Depending on the scope of losses or damages, being the result of destructive factors, threats are divided into complex, significant and disastrous. Depending on the level of openness, all the destructive factors are divided into real that actually exist, and latent (invisible). They can appear suddenly, therefore urgent decisions, additional efforts and expenses should be taken for their elimination. As a special feature, we suggest to allocate an object of infringement (information, property, finance, personnel, business standing of organization, etc.). Overall classification offered is typical, as the list of threats presented can be implemented in any state or region regardless of the level of its socio-economic development, political system, etc.

Referring to Raczkowski (2012), Trzaskowska-Dmoch & Hryniewcka (2013, p. 387) point out that, "Increased economic and political interdependence requires determined and coherent actions for setting common national, European and global goals. Economical security of a business and financial trading guarantees prosperity for society and it applies to each realm of life. A sense of security refers to a lack of threats

and hinges on a variety of factors both individual, related to self-esteem through the outlook on life professed, and collective, connected with the involvement in a specific type of local, national or international community". The authors also note that, "The recent difficult years of 2011-2012 reveal certain weaknesses within the European economy. Debt soared and millions of people lost their jobs. The future of Europe is determined by actions which the member states are willing to launch." (Trzaskowska-Dmoch & Hryniewcka, 2013, p. 387) Problems in the European Union as the whole, no doubt, cause problems in its individual member-states. For instance, as part of the European Union, Poland's construction sector is influenced by the economic situation of the rest of Europe, including the financial problems of the Union and the collapse of the construction market in Spain (Trzaskowska-Dmoch & Hryniewcka, 2013, p. 404). Other problems include the availability of bank loans to businesses. Similar problems are faced by businesses in Ukraine. Based on statistical data, we shall emphasize and analyze the main threats to economic security of Ukraine in the period of 2010-2012:

1. Loss of productive potential due to a high degree of depreciation of fixed assets. Today wear on equipment in the majority of industries makes up 65.0%. Elimination of assets exceeds their implementation by more than 1.5 times (Osaulenko, 2012, p. 93).
2. Public and publicly guaranteed debt of Ukraine as of December 31, 2012 amounted to 516.405 billion UAH or 64.607 billion U.S. dollars, while as of December 31, 2011 it made up 473.122 billion UAH, i.e. Ukraine's public debt increased by 9.1% (Anon, 2013).
3. According to the Global Competitiveness Index, in 2012 Ukraine was the 73rd out of 144 countries (Index of global competitiveness 2012-2013, 2012). Moderate competitiveness of domestic products and the competing imports have a negative impact on Ukrainian commodity producers, manufacturing goods for the domestic market.
4. Population poverty rate and low quality of life of a considerable part of Ukrainians. Percentage of Ukrainian population with the average total revenue per capita per month

below the subsistence level decreased in the first quarter of 2012 by 5% in comparison with the first quarter of 2011, but it is still significant and makes up 25%. Correlation between total revenue of 10% of high-income and low-income groups in 2012 was 5.6 times (25 % ukrayintsiv mayut' dokhody, nyzhchi za prozhytkovyy minimum, 2011).

5. Growing number of unemployed. According to ILO methodology, unemployment in Ukraine in 2011 amounted to 1732.7 thousand (7.9%), in 2012 it was 1952.0 thousand (8.1%) (Riven' bezrobittya v Ukrayini za metodolohiyeyu MOP sklav 8.2 %, 2011).
6. The scale of flow of capital from Ukraine in recent years reached the level, which is threatening to the national economic security. According to the Ministry of Economic Development and Trade of Ukraine, about 30 billion U.S. dollars have been withdrawn from Ukraine since the declaration of its independence, with an annual scope of flow of capital from Ukraine being about 1.5-2.0 billion U.S. dollars (Pavlenko & Belyaeva, 2011).

Combination of threats in the financial sector, including a significant GDP load, financial and banking system of payments of external debt load, with increased negative trends in reproduction of capital is a special feature of the period under study. This creates irregularities in the functioning of life-supporting sectors and industries (energy, transport, housing and communal services).

As we have already noted, imminent peril to the economic interests is created by domestic economic concerns, which interfere with the normal development of social reproduction. These threats are: Ukrainian economy converting into the object of political opposition of political elites, political parties and movements, rupture of economic ties horizontally and vertically, loss of control of these ties, leading to a decrease in effectiveness of use of scarce resources, causing setback in production and investments; degradation of technical and engineering base of the economy; unemployment and inflation; avoidance of taxation; monopolization of Ukrainian economy, criminalization of economy and society; amounts of domestic and external debt; outflow of currency resources.

One of the significant external threats is growth of import dependency, excessive openness of economy. Ukraine continues to decline in industrial production. In the first quarter of 2013 there was recorded fall in the key sectors of Ukrainian economy - mining, metallurgy and machine building by 3.6%, 6.6% and 11.4%, respectively (Zholonkivskyy, 2013).

Fall in output, loss of end markets, structural degradation and technological regression promote economic recession. Reduction of intellectual, informational, scientific and technological potential of Ukraine, the investment crisis, technological security threats and losses due to emergencies, disasters and accidents represent a significant threat to the socio-economic development of Ukraine. A serious external threat is the lack of integral regulatory framework governing foreign-economic activities, import dependency, underdevelopment of infrastructure of domestic exports support, loss of developed end markets,

outflow of intellectual property and personnel abroad, export of currency, raw materials, etc. Proceeding from threats to economic security identified and systematized, we face a task of its strengthening in view of globalization of economic processes.

According to V.V. Kuzmenko, in order to ensure the economic security of the region, it is crucial to prevent emergence of threats (Kuzmenko, 2007). He proves that a threat is a possibility or inevitability of the emergence of socio-economic, natural or anthropogenic phenomena with predictable but uncontrolled undesirable events that may occur at a certain point of time within a given territory, causing deaths and injuries to human health, result in physical and financial losses, worsen the condition of environment and so on. The main threats to the economic security of the region (potential and existing) and the existing relationships between them are presented in Fig. 3.

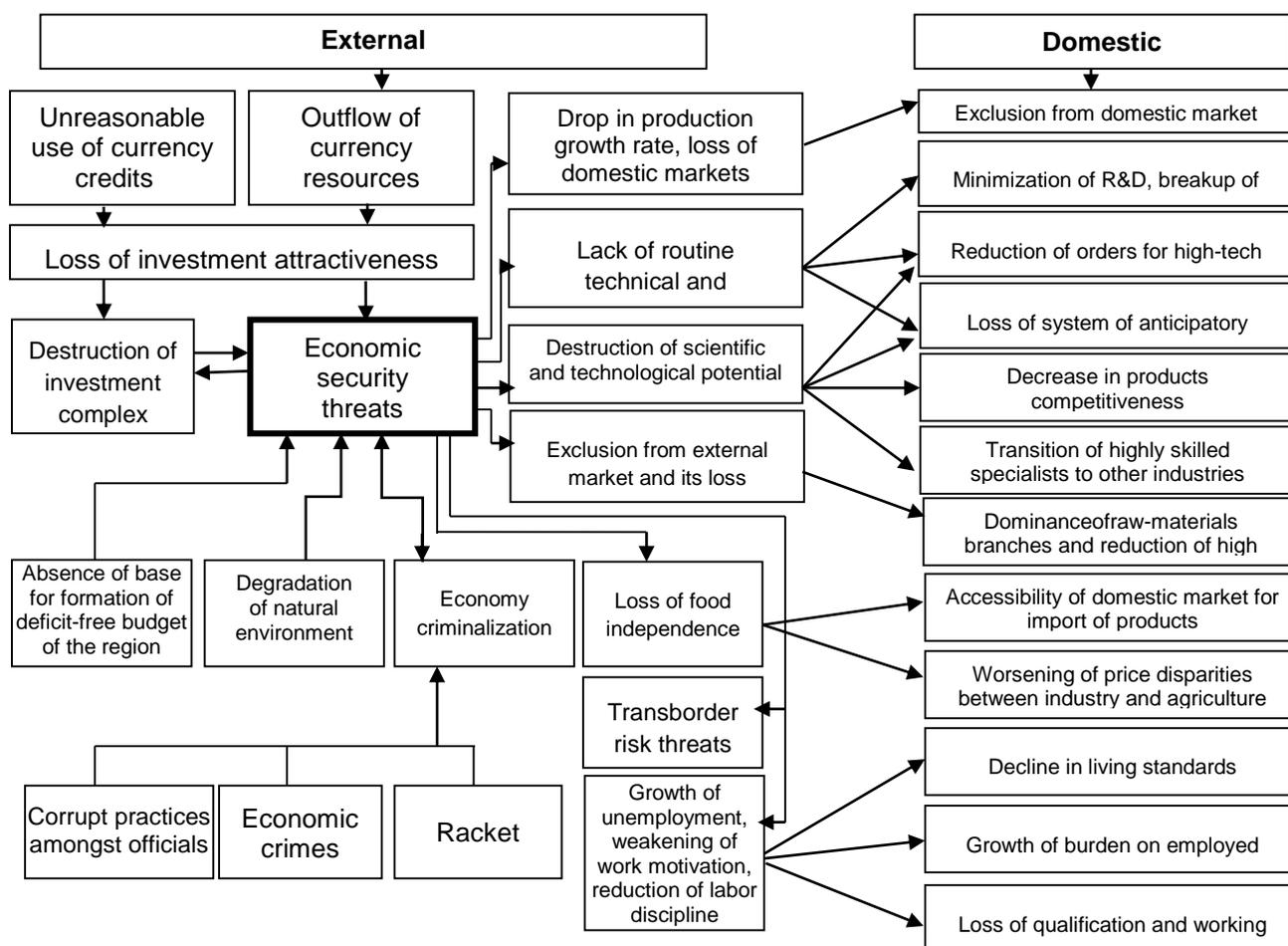


Fig. 3. Economic security threats of the region

We shall emphasize major threats to the economic security of the region:

1. Drop in production growth rates and loss of the domestic market. Underutilization of manufacturing capacities, closing of some productions and, consequently, the destruction of technological potential lead to collapse of a progressive structure of domestic industry on its own resource base.
2. Destruction of scientific and technological potential and deindustrialization of economy. Minimization of R&D, research teams collapse, reducing of orders for high-tech products, transition of highly skilled specialists to non-production sphere, dominance and development of raw-materials branches of industries and reduction of high-tech industries lead to degradation of scientific and technological capacity and decrease in competitiveness of the territory. Implementation of this threat in the territory is characterized, on the one hand, by slow and latent dynamics, and on the other hand, taking into consideration current territorial specialization of allocation of science-consuming industries (territorial specialized research and production centers), it may result in the loss of certain "links" of research and production process and deindustrialization.
3. Strengthening of possibility of trans-border risks implementation. In this case the effects of environmental, anthropogenic and other disasters can be passed "up the chain" to the neighboring regions, leading to the necessity to invest in localization of the sources of these threats and their elimination in the neighboring regions.
4. Loss of food independence leads to increased price disparities between industry and agriculture. Opening of domestic market for imported products and waiver of reasonable paternalism in relation to domestic producers lead to uncertainty in stable provision of population with foodstuff, increased dependence on supplies from other regions, destruction of agricultural sector of the region and the country.
5. Growth of unemployment, weakening of work motivation, and, as a result, reduction of labor discipline, growth of burden on employed, decline in living standards, sharp differentiation in incomes, and consequently, the destruction of consumer market give rise to social conflicts.
6. Economy criminalization. Growth of economic crimes, corrupt practices of officials cause distrust of people in the possibility to ensure legal protection.
7. Degradation of natural environment. Increase in anthropogenic stress and decrease in stability of natural territorial complexes lead to growth of the number of diseases and forced migration of people to other more environmentally favorable regions.
8. Lack of a stable base for formation of a balanced budget of the territory. This misbalance is reflected on the branches of social sphere, it increases subsidization of local budgets, creates the need for borrowing, leading to overall instability of the regional economy.
9. Lack of routine technical and engineering policy leads to a loss of investment attractiveness, destruction of purposeful system of personnel training, fall in competitiveness of domestic products, loss of advanced technologies, increased costs for the purchase of imported equipment, etc.
10. Loss of external markets. Minimization of high-tech production, especially in export industries, raw materials export growth with reduction of export of science-consuming and high-tech products result in the disproportionate flow of currency earnings, which reduces the possibility of renewal of machinery and equipment in high-tech industries. Negative foreign trade balance, improper use of currency earnings and loans in the absence of a clear normative base create unattractive investment climate in the domestic technology market.

The source of emergence of these threats is a system of economic relations not only between market players. Region in the structure of market relations is an independent business entity, and it

is forced to independently provide economic security, to foresee and prevent action of destructive factors, which arise both within the country and abroad.

According to the Ukrainian scientists S. O. Bila, O. V. Shevchenko, V. I. Zhuk, M.O. Kushnir, I. V. Valyushko (Stratehiya rozvytku rehioniv: shlyakhu zabezpechennya diyevosti: analit. dop., 2011, pp. 3-9) (Bila, Shevchenko, Zhuk, & Kushnir, 2011, pp. 3-5), A. Sunduk (2008, pp. 137-139), and Z. V. Gerasymchuk (2008, pp. 119-125), combination of systemic effects of endogenous and exogenous risks with the regional differentiation threatens economic development of the region and the national economy. The level of negative impact of threats to the economic security of Ukraine is different in different regions of Ukraine, depending on the specific character of economic and social situation in each region. Therefore, if the negative impact of threats such as criminalization of economy, "shadow" production and ever increasing level of economic crimes is defined as the most dangerous in almost all regions of Ukraine, the situation with the impact of other threats in the regions has significant differences.

In particular, in the regions of Ukraine with agriculture and foodstuffs production being the defining economic specialization (Vinnytsya, Volyn, Poltava, Cherkasy, Khmelnytsky, Ternopil, Chernihiv regions), the most acute threats are: loss of external end markets; aggressive domestic market penetration by foreign producers, growth of unemployment, irregularity of financial, tax and customs legislation of the country; structural and price imbalance. A similar situation exists also in the regions where export-oriented production is located, with low processing level and high energy and resource consumption, manufacturing raw materials or semi-finished products (Donetsk, Luhansk, Dnipropetrovsk, Zaporizhzhya, Mykolayiv, Sumy regions).

Quite a different situation is observed in the regions with dominating branches with high levels of processing that produce final products. Economic orientation of businesses in Kharkiv, Odessa, Mykolayiv, Zaporizhzhya, Lviv, Chernivtsi, Ivano-Frankivsk regions has this structure. High-tech productions, machine-building complex, military enterprises were and

are now located there. There are many institutions of scientific and technical specialization in the majority of these regions. The main threats in these regions include loss of external end markets; breaking of economic relations with foreign partners; growth of import dependence on certain types of strategically important raw materials and energy resources; uncertainty of the state policy in science and technology; loss of the national scientific and technical potential; unreasonable corporatization and privatization of enterprises, resulting in destruction of industrial and technological relations.

4. CONCLUSIONS

System of interaction and dynamic development of security threats is the basis for the need for a comprehensive, systematic approach to addressing security issues at any level of administration (state, region, enterprise). Comparative analysis of threats indicates that internal threats are the most dangerous ones. However, external threats increase the risk of internal threats due to systematic nature of the totality of threats.

Classification features suggested will help in the analysis of probability, prediction and control of emergence of negative consequences of the existing threats to economic security, in identifying sources of risks and the degree and extent of negative impact. This will facilitate in preventing the action of negative factors or a faster response to a danger. Security threats are not subject to a certain universal hierarchy of ranks. A comprehensive analysis of existing threats to economic security allowed summarizing that they represent a dynamic system of cause-and-effect relationships with a significant number of inverse relations, which existence may significantly enhance the destructive effect of any specific threat to economic security.

Threats to economic security are conditioned by changes in the external and internal elements of environment of the region operation, besides the greater is the threat intensity, the greater is the probability of its implementation. The level of negative impact of threats to economic security of the region depends on the structure of economic complex and socio-economic situation in the

region. Economic security threats in the fields of material production are almost immediately transformed into social sphere of the region.

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