

РОЗДІЛ 1

СВІТОВЕ ГОСПОДАРСТВО

I МІЖНАРОДНІ ЕКОНОМІЧНІ ВІДНОСИНИ

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FEATURES AND MODERN TOOLS OF FOREIGN EXCHANGE REGULATION IN THE CONTEXT OF REGIONAL INTEGRATION

The main approaches to the definition of the foreign exchange regulation category have been studied, the actual definition of the "currency regulation" concept have been provided on the basis of a prudential approach, taking into account the current trends in the development of world economic relations. The purpose of foreign exchange regulation was formulated on the basis of SMART-requirements to the goal formulation in the modern management theory. The categorical apparatus of foreign exchange regulation has been improved. Some features of currency regulation tools were considered in the context of regional integration. The classification of modern instruments of foreign exchange regulation was proposed on the basis of the forms of its manifestation.

Key words: foreign exchange regulation, regional integration, S.M.A.R.T requirements, functions of foreign exchange regulation, equilibrium exchange rate, foreign exchange regulation tools.

The problem statement. The strengthening of the integration processes that are taking place at the global and regional levels is an objective factor and at the same time a distinctive feature of the world economy development at the present stage. The processes of regional integration are manifested in the deepening of economic interdependence between countries, in the creation of new regional associations and the strengthening of existing, within which, in order to ensure sustainable social and economic growth in conditions of increasing global instability, there is a need for the formation of a new approaches to carry out a well-balanced foreign economic policy, including foreign exchange policy, the main component of which is currency regulation.

Against the background of deepening of regional integration processes, there are shifts in national foreign exchange regulation. On the one hand, in modern conditions there are more and more common problems of monetary character among the countries which solution is a problem of intergovernmental cooperation. Under such circumstances, there is a need for adaptation of national foreign exchange regulation to the new conditions of the global economy. The importance of its harmonization at the regional level is also growing. On the other hand, during the process of regional integration, the speed and scales of the monetary and financial crises between the countries of the region are increasing, which requires the development and implementation of effective anti-crisis instruments of currency regulation that take into account the specifics of economic and monetary development of the respective region.

All the above-mentioned actualizes the research of theoretical and practical aspects of the development of currency regulation under the influence of regional integration processes.

The analysis of recent researches and publications. The issues of foreign exchange regulation and regional integration are rather widely covered in modern research papers. In particular, the works of leading Ukrainian and foreign scientists such as J.B. Derkach, M.A. Epiphanova, D.V. Kazari-

nov, O.P. Kireyev, A.V. Koldovskiy, T.V. Marena, P. Masson, R.A. Mundell, C. Pattillo, A.K. Pinchuk, S.A. Sheludko, A.M. Sutormina, J.O. Topol and others are devoted to this problem. While writing this scientific research the reports and analytical data of the international monetary organizations were also used.

Accentuation of previously unsettled parts of the general problem. At the same time, in the context of strengthening of the role of regional integration in the system of foreign economic relations of any country, the factors accelerating its development demand more in-depth study, one of the most important is the foreign exchange regulation of the country.

Despite the large number of scientific studies, all of them are mostly devoted to the features of foreign exchange regulation at the macroeconomic level and use the prevalent determination of the foreign exchange regulation category and the classification of its tools. Taking into account the deepening of regionalization processes, including the monetary and financial spheres, the particular features, specifics and also possibilities of effective use of instruments of currency regulation, among the countries forming regional integration associations demand additional researches.

The aim of article. The aim of the study is to improve the theoretical approaches to the definition of foreign exchange regulation essence and its tools in terms of regional integration.

The main material of the research. In the context of regional integration, foreign exchange regulation can become one of the means by which between countries it is possible to establish stronger economic relations, and also strengthen the position of the formed association on the world markets. Once the required regime and the level of the exchange rate, under which the countries will receive competitive advantages from the formation of a currency association, have been determined, foreign exchange regulation will act as a means of achievement of the specified purpose.

The distinguishing feature of the "foreign exchange regulation" category lies in the fact that

in the economic literature there is a large number of approaches to its interpretation. The definitive analysis of the "foreign exchange regulation" term has shown that it can be defined as: activity; actions; means; regulation; form; documents; process; mechanism; order; regime; system; norms. The most widespread definition which occurs among the Ukrainian scientists characterizes foreign exchange regulation as a state activity.

Since foreign exchange regulation has a direct impact on absolutely all spheres of economic existence of each person, and also every economic entity, that participates in them, is induced by satisfaction of their needs, it is possible to provide the following determination of this economic category: foreign exchange regulation is the coordination of spheres of the economic relations which imply the use of currency values in order to achieve a natural ponderation or certain economic goals and interests.

The basis of this definition was formed by a concept of "coordination", which is Latin for ordering [3, p. 563]. Due to this, on the one hand, it remains possible to observe the etymology of the "regulation" category, because ordering supposes the establishment of the certain orders, norms and rules, and on the other - the concept has a shade of coordination, because the government must take into account, that in modern conditions, any change in one sphere of economic relations automatically changes the indicators of other interrelated spheres. The government should also satisfy as much as possible the interests of all participants of the market within the country with simultaneous maintaining of their competitive advantages in the foreign markets.

It should be emphasized that the definition refers to economic relations at any level, since the use of currency also takes place at the micro level among legal entities and even among individuals within the country. At the same time, the above mentioned definition allows us to speak about foreign exchange regulation in the context of regional integration or generally at the supranational level of regulation of the currency relations. The proposed definition contains the concept of economic needs, which are the driving force in the economic being of mankind.

Considering the mechanism of foreign exchange regulation, it is necessary to take into account the type of exchange rate, depending on the way of its establishment and changing - whether it is fixed, floating or mixed (establishment of a currency corridor). In the conditions of the fixed exchange rate, the government has a full arsenal of instruments and measures of foreign exchange regulation, and in case of floating rate, the government mostly monitors changes in the foreign exchange market that are caused by market forces. Therefore in this definition there is no concept of state per se, because the adjustment can be carried out automatically until the natural ponderation is established on the foreign exchange market.

The sign of purposefulness is the peculiarity of any regulation. Definition of the purpose of foreign

exchange regulation can mainly be found in works of specialists in the field of financial law. Therefore, the state regulation approach has a significant impact on its formulation, as well as definitions are very long wording and also are accompanied by a description of the mechanisms and principles of foreign exchange regulation. All this, in our opinion, are at variance with the S.M.A.R.T. requirements of the goal formulation from the theory of modern management. In our opinion, the main objective of foreign exchange regulation is to achieve certain indicators of the currency market over a specified time (fig. 1). Such approach to the formation of the objective of foreign exchange regulation eliminates the subjective influence on foreign exchange relations and allows us to speak about the automatic market self-regulation, which ends with the establishment of the necessary economic equilibrium.

There are a variety of approaches to the definition of the foreign exchange regulation place in the macroeconomic theory and generally within the framework of the economic policy of the state. Thus, regulation can be presented as a form of realization of the monetary policy of the state [10, p. 343; 1, p. 142; 7, p. 347; 11, p. 271]. Also, there is an opinion that currency regulation is part of the national currency system [5, p. 47], which, in our opinion, contradicts the meaning of the regulation category, since the latter is an action performed in relation to this system in order to bring it to a proper state.

Applying a typical "management circle" [2, p. 18] to the monetary policy, it is possible to appoint, that the state foreign exchange regulation would be the means of realizing the of currency policy objectives (fig. 2).

The functions of the foreign exchange regulation are its integral part and determine its role in the economic policy of the state. There are the following functions of currency regulation: regulatory - the use of methods and forms of foreign exchange regulation; allocation - influence on foreign exchange relations, assistance in determining the procedure for foreign exchange operations conducting; target - definition of directions of the currency system development; stimulating - the formation of regulatory measures on the activities of the subjects of the currency market; regulating - the promulgation of normative acts defining a procedure of operations with currency values [4, p. 175; 6, p. 27]; stabilizing - reduction of the negative effects of the exchange rate volatility; stirring - creation of a favorable environment to ensure the economic development [9, p. 199].

However, the above-stated list extremely lacks for the function that is directly related to the regulatory process, namely, the corrective function, which is up to correct imbalances in the currency market. It is also desirable to supplement this list with the functions of ordering and coordination, because foreign exchange regulation does not only directly cause the changes in the foreign exchange

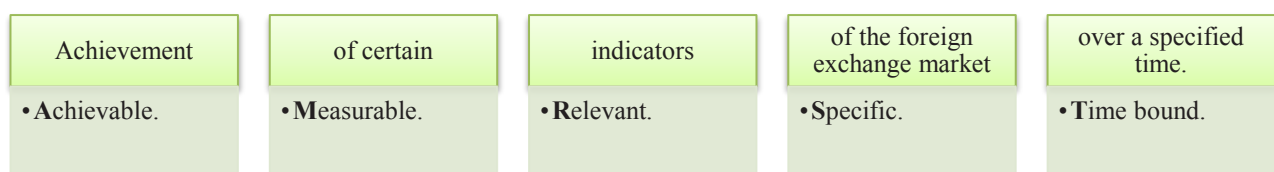


Fig. 1. Objective of foreign exchange regulation according to the S.M.A.R.T. requirements

Source: author's development

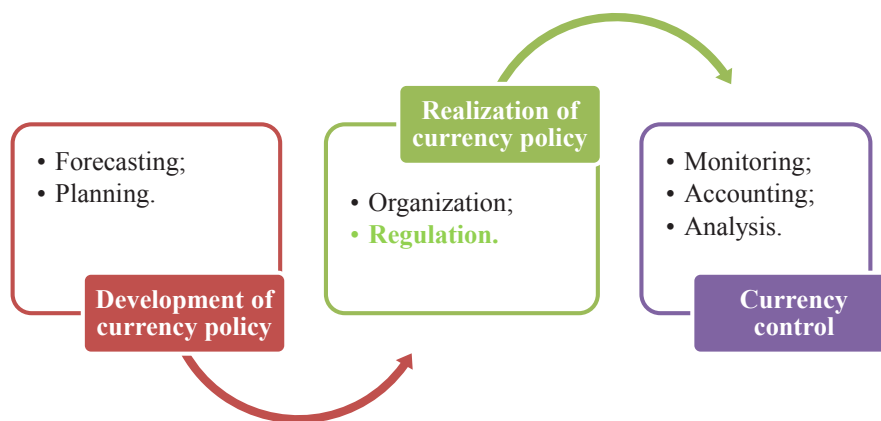


Fig. 2. Foreign exchange regulation as a part of the currency policy

Source: author's development

market, but also indirectly affects on the level of prices and employment in the economy. In this case, the allocation function is proposed to be considered in accordance with the etymology of its concept, namely, as a distribution of currency values between the subjects of currency relations. In our opinion, after replacement of the stirring function with the activating function, and settling of three functions in following a logical chain: activating, stimulating, stabilizing, then it is possible to speak about the existence of a certain cyclicity in the process of currency regulation. Consequently, in this case, it is necessary to introduce two additional functions of currency regulation – constraining and deactivating, which will restrict or suppress certain processes in the foreign exchange market that endanger the currency stability of the country or do not correspond to the current trends of the development of the international foreign exchange market, at the same time the realization of the specified functions will also be carried out with the help of currency regulation tools, if necessary. In turn, the target function should be excluded from the list, since target setting is a task of currency policy rather than a currency regulation function.

In order to maximize the effect of participating in international economic relations countries can form regional associations, therefore, there is a synergetic effect, which allows to get advantages and benefit not only from the more tight interaction between the countries of this association, but also from the strengthening of their position in the world markets. Regional currency associations act as one of types of such associations. Implementation of foreign exchange regulation should increase the positive effects in development of regional integration.

To implement currency regulation, it is necessary to make calculations for determination of the equilibrium level of the exchange rate and to estimate the level and reasons for the deviation of the actual value of the existing exchange rate from the estimated one. After that measures for elimination of this deviation and bringing to conformity of the actually existing indicators with the optimum by means of the tools of foreign exchange regulation have to be proposed. The latter are a kind of peculiar patronage for the national economy in the face of global financial instability.

The set of the systematic actions, which applies to the regulation of operations with currency values, is considered as the methods of currency regulation [4, p. 179].

In our point of view, the conceptual difference between methods and instruments of currency regulation lies in the fact, that the instruments are the last link (the lowest level) in the classification of means of influence on the subject of currency regulation. The instruments reveal the essence of the currency regulation methods (instruments are contained within the methods of currency regulation). That is, the instruments of foreign exchange regulation are those tools by means of which the change of the current state of the subject of currency regulation is directly taking place and the desired result is achieved.

For example, currency regulation is faced by a problem of reduction of the negative balance of the current operations, then, the restrictions and stimulating measures can be the methods or the means by which it is possible to change its state. In turn, the tools by which the restrictions will be implemented will be licenses, limits; stimulation will be carried out through the use of such instruments as devaluation or intervention.

Within regional integration, instruments of foreign exchange regulation expand borders of their action. For instance, considering the mechanism of such instrument of currency regulation like the currency interventions within the framework of the regional integration process, the multilateral intervention is of special interest, it is carried out simultaneously by agreement between several central banks and allows distribution of costs and risks between the countries.

At the same time, it should be noted that lingering large-scale intervention in one direction in the foreign exchange market will be the reason for close oversight by the IMF and discussions with other member countries [12, p. 34].

The existence of sufficient foreign exchange reserves in the regional central bank of the countries of the currency union allows to pursue actively policy of the exchange rate regulation through the foreign exchange interventions. Most of the indicators that characterize the financial strength of the regional association, its ability to quickly repay its internal and external liabilities, are calculated in relation to the stocks of gold and foreign exchange reserves of the countries that form this association.

In the conditions of the fixed exchange rate such instruments of currency regulation as devaluation and revaluation of regional currency are used. Increase in discount rate of the regional central bank leads to revaluation of regional currency against foreign currencies.

The most common classification of instruments of foreign exchange regulation is the division of the latter into administrative and economic; there is also a classification depending on the exchange rate regime, as well as on the content of the currency component [8, p. 23]. However, in our opinion, these classifications do not fully disclose the essence of the regulatory process.

Considering the afore said we propose to introduce the following classification of currency regulation instruments, depending on the forms of its manifestation, which can be used by the countries involved in the processes of regional integration, namely: prohibitions, restrictions, adjustments and coordination tools (table 1). At the same time, the following groups of instruments were located in the order of increasing of the liberalization of the regional currency market.

It is obvious that the need of the use of these groups of tools can be generated by three main reasons - reactive, active and pro-active. The first provides elimination or corrections of consequences of process which has already taken place in the past, the second represents maintenance of a certain current process in certain limits of necessary indicators, the last, respectively, includes all possible actions for prevention, predicting of concrete consequences.

The instruments of the prohibitions act on the principle of the currency shield, blocking certain phenomena, processes, actions, factors, flows in the regional foreign exchange market. This group of instruments is used on the territory of those currency associations that have chosen rigid administrative models of currency regulation. Applying the prohibition tools, it is necessary to be aware of the possibility of the emergence and development of a shadow foreign exchange market. Consequently, regulation with their help must surely be based on the principle of prudence.

The beginning of the use should be preceded by a comprehensive analysis and assessment of all possible scenarios for the development of events, on the basis of which it will be concluded that the potential benefit outweighs all possible undesirable consequences. The power of the chosen currency shield should be sufficient to resist the phenomenon, process, action, factor, flow that is forbidden.

Restrictions are similar to currency filters, setting boundaries for the spread of phenomena, processes, actions, factors, flows in the regional currency market.

Adjustment tools are used if it is necessary to correct the emerging trends in the regional currency market and turn them in the desired direction.

Coordination tools, in contrast to the first three groups, have an indirect impact on the regional currency market, they envisage ordering and harmonization of certain processes simultaneously in several spheres of the economy.

Consequently, the effectiveness of the use of these instruments will increase from the point of view of the specified classification due to the approach of the latter to the forms in which the process of foreign exchange regulation actually occurs.

The conclusion of this study and further research in this area. Thus, the scientific novelty of the research results consists in the offering of the following definition: foreign exchange regulation is the coordination of spheres of economic relations that involve the use of currency values in order to achieve ponderations or certain economic goals and interests. The main goal of currency regulation is to achieve certain indicators of the currency market over a specified period of time. Foreign exchange regulation performs the following functions: regulatory; corrective; ordering; coordination; allocation; regulating; activating; stimulating; stabilizing, constraining and deactivating.

It has been also defined, that formation of monetary union extends the action boundaries of national currency regulation instruments –interventions become multilateral, discount rate becomes regional, devaluation and revaluation affect both: the internal processes that flow in countries of the regional associations and the competitiveness of the association in foreign markets. The proposed classification of the instruments of foreign exchange regulation, depending on the forms of its manifestation, that may be used by the countries, involved in the processes of regional integration, includes a number of instruments of prohibition, restriction, adjustments and coordination.

Further researches can be aimed at development of models that will allow to estimate the efficiency of the use of the above mentioned tools among the countries that plan to create a regional currency union.

Table 1

Classification of foreign exchange regulation tools

Group of tools	Tool	Varieties
instruments of the prohibitions	prohibition	speculative operations; currency movement
instruments of the restrictions	permission	acquisition of government securities by non-residents
	limit	currency position of authorized banks
	licensing	sale of foreign currency to importers
	norm	reservation
	limitation	currency as a means of payment
	duty	sale of foreign exchange earnings by exporters
	tax	pension tax
	order	foreign currency lending
	term	currency transit on the separate analytical account
instruments of the adjustments	Exchange rate	devaluation; revaluation
	interventions	sterilized and non-sterilized
	speculation	
	diversification	gold reserves
instruments of the coordination	selling	government securities
	refinancing	
	rate	central bank discount rate

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ОСОБЛИВОСТІ ТА СУЧАСНІ ІНСТРУМЕНТИ ВАЛЮТНОГО РЕГУЛЮВАННЯ В КОНТЕКСТІ РЕГІОНАЛЬНОЇ ІНТЕГРАЦІЇ

Резюме

Вивчено основні підходи щодо визначення категорії валютного регулювання, надано власне визначення поняття «валютного регулювання» на основі пруденційного підходу з урахуванням сучасних тенденцій розвитку світогосподарських зв'язків. Сформульовано мету валютного регулювання на основі SMART-вимог до формулювання мети в теорії сучасного менеджменту. Удосконалено категоріальний апарат валютного регулювання. Розглянуто деякі особливості інструментів валютного регулювання в контексті регіональної інтеграції. Запропоновано класифікацію сучасних інструментів валютного регулювання на основі форм його прояву.

Ключові слова: валютне регулювання, регіональна інтеграція, вимоги S.M.A.R.T, функції валютного регулювання, рівноважний обмінний курс, інструменти валютного регулювання.

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ОСОБЕННОСТИ И СОВРЕМЕННЫЕ ИНСТРУМЕНТЫ ВАЛЮТНОГО РЕГУЛИРОВАНИЯ В КОНТЕКСТЕ РЕГИОНАЛЬНОЙ ИНТЕГРАЦИИ

Резюме

Изучены основные подходы к определению категории валютного регулирования, предоставлено собственное определение понятия «валютного регулирования» на основе пруденциального подхода с учетом современных тенденций развития мирохозяйственных связей. Сформулирована цель валютного регулирования на основе SMART-требований к формулировке цели в теории современного менеджмента. Усовершенствован категориальный аппарат валютного регулирования. Рассмотрены некоторые особенности инструментов валютного регулирования в контексте региональной интеграции. Предложена классификация современных инструментов валютного регулирования на основе форм его проявления.

Ключевые слова: валютное регулирование, региональная интеграция, требования S.M.A.R.T, функции валютного регулирования, равновесный обменный курс, инструменты валютного регулирования.