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NEW TRENDS IN ECONOMIC GLOBALIZATION: TRADE AND INVESTMENT ASPECTS

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Abstract. In the article the authors explored new trends in the economic globalization process in the context of trade and investment issues. It is emphasized that the process is controversial and has ambiguous consequences for the world. A few years ago developed countries were the leaders in the world trade and global investment, and now the architecture of the world economy is changing for the benefit of developing countries. Their share in the global GDP, international trade and global investment is gradually increasing. New transnational corporations emerge and develop in these countries actively expanding into the markets of different countries. Of course such tendencies are not characteristic for all developing countries. Most of the population in these countries lives below the poverty line. And the solution to this global problem requires a coordinated effort of the whole world.

Keywords: globalization, developed countries, developing countries, world trade, foreign trade, global investment, transnational corporations, foreign direct investments.

Method. In our study we used the methods of economic analysis, expert evaluation, methods of comparison, system analysis, synthesis, induction and deduction. The method of analysis was chosen as the principal one, it was used to study the trends in foreign trade and investment processes both in developed countries and developing ones.

Introduction.

The main factor affecting the global economy and politics in the late twentieth - early twenty-first century is globalization. The globalization process is characterized by the contradictory effects on the national economies and the entire course of the current world economic development. On the one hand, globalization enhances individual countries on the use and optimal combination of various resources, their deeper involvement in the international division of labor, on the other hand, the global processes extremely exacerbate global competition and increase uneven nature of economic development of the countries.

A few years ago the main trade and investment flows were concentrated within the framework of the developed countries. Those countries provided goods, especially knowledge-intensive ones, all over the world and controlled the investment flows. Now we can observe the changes in the global economic environment and the formation of a new architecture of the world economy. Developing countries play a more important role. In these countries, GDP, foreign trade and investment are growing more rapidly than in developed countries.

Our study is aimed at analyzing the new trends taking place in the present-day global economy to predict the future architecture of the global economy and determine the position of different countries in the global economic system.

A number of foreign and domestic scientists have investigated the features of economic globalization, its consequences and the role of developing countries. The most notable scientific papers are by P. Evans, G. Soros, J. Stiglitz, M. Waters, H. Bull, T. Friedman, D. Lukyanenko, A. Bilorus, S. Sydenko, A. Filipenko, A. Poruchnyk and others.

However, many issues remain unresolved and controversial and require further study and analysis, as the dynamic changes taking place in the world almost every day need adjustment of the existing theoretical views on the global processes and development of the new ones.

Results

The main feature of the modern world is spread of globalization. This process applies to all spheres of life - politics, culture and economy.

However, global development is quite controversial and has ambiguous consequences for different countries. First of all, globalization “plays for” the developed countries of the so-called "golden billion". Indeed, most of the intellectual and technical potential of humanity is concentrated in these countries and the main trade and investment flows are directed there. But the role of the developing countries in the global economy, the newly industrialized countries in particular, with the pace of development ahead of developed countries, is gradually increasing (Tables 1).

Table 1

World production volume (real GDP), annual change in%

Index	Mean Value									Predictions		
	1997-2006	2007	2008	2009	2010	2011	2012	2013	2014	**2015**	**2016**	**2020**
World	4,0	5,7	3,1	0,0	5,4	4,2	3,4	3,4	3,4	3,5	3,8	4,0
Countries with developed economies	2,8	2,8	0,2	-3,4	3,1	1,7	1,2	1,4	1,8	2,4	2,4	1,9
Developing countries and countries with emerging markets	5,5	8,7	5,8	3,1	7,4	6,2	5,2	5,0	4,6	4,3	4,7	5,3

A number of expert reports concerning forecasts for the world economy have been published in the last decade. The ones which deserve attention are The Report of the US National Intelligence Council "The Contours of the Future of the World: Report on Project 2020" (2005); report World Economy: Forecast 2020, which was developed by Russian scientists from the Institute of World Economy and International Relations (2007); report "Global Trends-2025: the Changing World" (2009) (Global Trends 2025: A Transformed World) (Dynkin, A.A. et al., 2007).

Thus, according to the research of Russian scientists from the Institute of World Economy and International Relations there was a change of major "players" in the global economic space, and a new architecture of the world economy is being formed. Innovative development and global competitive advantage of the developing countries will undoubtedly lead to an increase in their share in the gross world product.

So, one could argue that in the future, countries like China, India, Brazil, South Korea and other developing countries will provide most of the world's gross domestic product. They will become a new pole of global economy. The economies of Mexico, Indonesia, Malaysia, Hong Kong, Singapore, and the Philippines are dynamically developing along with the economies of India and China.

Foreign trade is quite rapidly increasing in these countries, its share of intermediate products has amounted to 50-60%, while the import component of exported goods has increased from 20% in the 1970s to 40% presently.

The volume of foreign trade in the developing countries is growing more rapidly than in developed countries (Table 2).

Table 2

The volume of world trade (percentage change)

Index	2013	2014	2015	2016
Import of the countries with developed economies	2,1	3,3	3,3	4,3
Import of the developing countries and countries with emerging markets	5,5	3,7	3.5	5,5
Export of the countries with developed economies	3,1	3,3	3,2	4,1
Export of the developing countries and countries with emerging markets	4,6	3,4	5,3	5,7

In other words, while a few years ago the TRIAD countries (USA, EU, Japan) occupied leading positions in international trade, at present, the role of developing countries is gradually increasing. China, India, Brazil in particular could be distinguished in this aspect. In addition, these countries are now not only target markets, but also the world's largest exporters.

Many developing countries are recipients of foreign direct investment of transnational corporations from developed countries. Therefore, the state of economic development and foreign trade particularly in developing countries depends on the business activity and the purchasing power in developed countries. But we should not forget that developing countries themselves represent a large enough market. So the volume of mutual trade between developing countries is quickly increasing. The development of mutual trade gives developing countries access to low cost production facilities which meet their requirements, as well as significantly expands the market for the goods produced in these countries.

Gradually, the developing countries start playing a more important role in the field of global investment too. Even during the crisis, investments in developing countries have not decreased. Thus, in 2009, which accounts for the peak of the crisis, the share of developing countries in the global volume of foreign direct investment reached 43%.

Direct foreign investments are distributed rather unevenly - the main stream (80%) is directed to the countries of South and East Asia and Latin America. The main recipients before the crisis were China and Hong Kong, India, Singapore, Mexico, Brazil. The role of developing countries as exporters of capital is becoming more prominent too. Thus, in the ‘80s the share of these countries accounted for about 6% of the total capital outflows, now this proportion increased to 21%. Leading positions in capital exports are occupied by the countries of Asia, accounting for 75% of total exports of investment from developing countries. The leading exporters are China, Hong Kong, India.

It is worth mentioning that transnational corporations are gradually emerging in developing countries, and they are actively entering international markets through direct investment. In particular, these are the Asian TNCs, conducting an aggressive expansion into the markets of developed countries (Table 3).

Table 3

TOP – 10 companies featured on the 2015 list (Forbes Global 2000), billion $

Rank	Company	Headquarters	Industry	Sales	Profit	Assets	Market Value
1	ICBC	China	Banking	166.8	44.8	3,322	278.3
2	China Construction Bank	China	Banking	130.5	37	2,698.9	212.9
3	Agricultural Bank of China	China	Banking	129.2	29.1	2,574.8	189.9
4	Bank of China	China	Banking	120.3	27.5	2,458.3	199.1
5	Berkshire Hathaway	United States	Conglomerate	194.7	19.9	534.6	354.8
6	JP Morgan Chase	United States	Banking	97.8	21.2	2,593.6	225.5
7	Exxon Mobile	United States	Oil and Gas	376.2	32.5	349.5	357.1
8	PetroChina	China	Oil and Gas	333.4	17.4	387.7	334.6
9	General Electric	United States	Conglomerate	148.5	15.2	648.3	253.5
10	Wells Fargo	United States	Banking	90.4	23.1	1,701.4	278.3

Developing countries remain the main centers attracting foreign direct investment. FDI inflows to these countries in 2013 reached a record level - $778 billion (Table 4), which accounted for 54% of global FDI inflows.

Table 4

FDI flows by region, 2011-2013, billion $, %

Region	FDI inflows			FDI outflows		
	2011	2012	2013	2011	2012	2013
World	1700	1330	1452	1712	1347	1411
Developed countries	880	517	566	1216	853	857
Developing countries	725	729	778	423	440	454
Countries with transitional economy	95	84	108	73	54	99
Percent share in global investment						

Developed countries	51,8	38,8	39,0	71,0	63,3	60,8
Developing countries	42,6	54,8	53,6	24,7	32,7	32,2
Countries with transitional economy	5,6	6,3	7,4	4,3	4,0	7,0

Half of the twenty countries with the largest inflow of FDI constitute developing countries and countries with economies in transition. China has record high capital inflows and ranks second among the largest recipients of capital after the USA. Also The top ten largest capital recipients are also represented by five developing countries (Russia, Hong Kong, Brazil, Singapore, Mexico), the fact that clearly demonstrates the increasing role of these countries in the global investment process.

Discussion

Thus, the globalization process covers more and more areas of the world economy. Markets for goods, services, capital, labor and technology are becoming more interrelated.

Developed countries are gradually losing the leading positions in international trade and global investment. The architecture of the world economy is changing for the benefit of developing countries.

Finished products account for the largest share in the structure of modern international trade. This trend is evident in the structure of foreign trade of the developing countries, with simultaneous reduction of the share of mineral and agricultural raw materials.

The influence of developing countries is also increasing in the global investment market. New transnational corporations from these countries are actively expanding into the markets of both developed and developing countries.

Hence, on the one hand, the role of developing countries in the global economy is constantly growing. On the other hand, the gap between the developed countries and most developing countries is increasing. Thus, in the XXI century 3 billion people are still very poor and over 1 billion people live below the poverty line. All these problems need urgent solutions, requiring coordinated actions of all the states of the world.

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