

METHODS AND WAYS OF ENTERING THE FOREIGN ECONOMIC ACTIVITY SECTOR

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Abstract: *this article analysis the goals and tasks of basic ways of entering the foreign economy accounting for export import operations that Multinational networks serve individual national markets, and reveal each network with its own characteristics depending on the host country.*

Key words: *export, import, globalization, host country, investment, multinational networks, global networks, level of competitiveness, local conditions.*

To manage foreign subsidiaries specializing in global sectors of the economy, multinational companies use a global strategy to maintain a competitive edge on a global scale. Such companies have a global network of foreign subsidiaries, have resources on different continents of the planet, establish enterprises in countries with the lowest production costs, and widely use economies of scale. They locate their research centers not in the countries where the parent company is located, but often in countries with good sales markets.

It is much more difficult to gain a competitive advantage in the developed market of the host country, where both domestic and foreign competitors operate, and almost impossible without serious preparation. In order to determine the most effective field of activity of an international company in the host country, the transnational corporation's prospective economists and marketers critically assess the international company's capabilities in the production of goods and services and their delivery to the world market in the process of preparing a draft decision on entering a new foreign market and consider the conditions for entrepreneurial activity abroad in several aspects:

1. The aspect of the structure and strategy of competing enterprises. In this aspect, it is first necessary to assess the level of competitiveness of the international company in relation to national enterprises and foreign firms operating in the selected field of activity. In addition, it is important to analyze whether the method of management and organization of production in the host country corresponds to the conditions of the foreign branch of the transnational corporation. In this case, it is necessary to determine what strategy local competitor firms choose, the degree of possibility of overcoming them in the competitive struggle, and whether the intended field of activity of the international company corresponds to the psychology of the nation of the host country.

2. The aspect of the conditions for the production and provision of services. The following factors serve as the subject of analysis in this direction: in which sectors of the economy the relative advantages of the host country are most clearly manifested, the presence of a basis for scientific research and experimental design work in the economic sectors of interest to the international company, and finally, the possibility of filling the weaknesses of the host country's national economy with the activities of foreign investors.

3. Sales conditions. The level of complexity and characteristics of the requirements of national consumers, as well as the difference between sales channels in the host country and those adopted in the world market determine them. Trends in domestic demand determine the directions for forming the product range of a foreign branch of a transnational corporation.

The parent company pays the greatest attention to the choice of a country for foreign entrepreneurship. Before making a decision to establish a foreign branch in a country, the conditions of potential host countries are studied in four main aspects: market, economic, local conditions, and competitiveness. In the market aspect, favorable factors include market size, high growth rates of demand for products intended for production or services intended for provision in the local market, the

presence of large consumers, the length of the shelf life of goods and services of interest to a foreign investor, good reception of its advertising by local consumers, and the possibility of internationalizing the sales network. In the market aspect, it is useful for an international manager to know that consumers of goods and services intended for production and sale in the host country are divided into groups based on their lifestyle, aspirations, and desires. Information on seasonal fluctuations in consumer demand and trends in investment directions is also of great importance. The subject of international management research is the structure of sales channels in the host country, the characteristics of wholesale and retail trade.

The local conditions of business activity include the traditions of the host country: customs tariffs, import and export quotas, local norms and standards related to the import of goods and services, measures, legislation, including the conditions for patenting trademarks and service marks. Information about the established procedure for business activity in the host country, especially in relation to goods and services intended for production and sale on its territory, is important for an international manager. It is useful to obtain information about the activities of the host country's chamber of commerce and trade associations aimed at liberalizing the market for goods and services of interest to the international manager. It is important to be aware of the actions of the embassy or trade representative office of the parent company in the host country to facilitate the realization of products. The following are of particular importance for an international company:

- Currency coordination system;
- Guarantees of property rights (including the issue of the amount of compensation and the form of its payment in the event of expropriation of the property of foreign companies);
- The possibility of resolving disputes with host country firms in international arbitration;

- Clear legislation on the categories of business activities open to foreign direct investment and for which of them special privileges are provided.

The investment climate of the host country largely determines the state of the financial system. Part of the foreign assets of an international company can be lost due to inflationary processes associated with government instability, poorly organized tax systems, and the lack of a strict economic policy in the host country that would contain or eliminate inflation. A foreign branch of an international company also suffers from inflationary conditions due to higher wage growth than price growth and a poorly organized tax system. Therefore, usually before making a decision to establish a foreign company, the parent company takes into account the level of inflation in the future host country. From the point of view of production and sales costs, the availability of transport and communication facilities and the ability to adapt the technology used to the conditions of the host country are of primary importance for a foreign investor.

All in all, the structure and strategy of a competing firm. In this case, it is necessary to determine what strategy local competing firms will choose, the degree of possibility of overcoming them in the competitive struggle, and whether the intended field of activity of the international company corresponds to the psychology of the host country's nationality. Affiliated networks and suppliers. In this case, the international company is interested in information about the presence of large consumers of its products in the host country. In order to reduce production costs, it is important to develop networks that provide the planned firm with raw materials and materials there. The parent company pays the greatest attention to choosing a country for foreign entrepreneurship. Before making a decision to establish a foreign branch in a country, the conditions of potential host countries are studied in four main aspects: market, economic, local conditions, and competitiveness.

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