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THE PLACE AND ROLE OF TRANSNATIONAL CORPORATIONS IN SYSTEM OF INTERNATIONAL TRADE RELATIONS

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Currently, transnational corporations occupy one of the first positions in the world market. And this is no coincidence. They are available in many markets, take part in various projects and have influence in most areas.

First, we need to understand what transnational corporations (TNC) are. Their main distinctive feature is the presence of capital in several countries of the world. Transnational corporations are firms with branches in two or more countries, a significant proportion of assets, sales and employees located in the host countries (the main company is located in the home country) (Tyukhtenko et al., 2019; Kharichkov et al., 2011; Afzal et al., 2018; Letunovska et al., 2017).

Despite the fact that such enterprises are quite large-scale, they are not located entirely on the territory of a particular country, therefore, they must also obey the laws of the state where a particular branch of the corporation operates. Moreover, state-owned enterprises may become part of TNC. At the same time, agreements resulting in the creation of such cooperation can be both intergovernmental and private, between investors from different countries (Strojny, J. & Jedrusik, 2018; He, Shuquan, 2019; Vargas-Hernández et al., 2018).

The role of transnational corporations is increasing day by day. It is impossible to speak definitely about the role of transnational corporations. It should be noted that in the first decade of the 21st century transnational corporations accounted for 25% of the world economy. Nowadays, transnational corporations control up to 40 % of industrial production in the world, half of international trade. They employ 73 million employees, i.e. every tenth employed in the world. These are, in fact, huge companies that have large assets, revenues and profits that exceed several times the GDP of some states (Rakotoarisoa et al., 2019; Mujtaba et al., 2019; Awujola et al., 2019; Mishenin et al., 2019; Mishenin et al., 2020).

The power of multinational corporations is evident. TNCs are the driving force behind technological progress. Such firms often hold social events in order to win the position of customers (Mishenin Ye. et al., 2021; International Trade, 2020; International Logistics, 2020). The positive aspects of transnational corporations include:

1. Mostly high quality and affordable products.
2. Many reliable jobs.
3. Social events.
4. Innovative activity.

5. TNCs contribute to the development of scientific and technological progress.

6. TNCs create a favorable basis for the entire economy globalization.

7. TNCs favor the spread of international production.

8. TNCs impose free competition in international trade.

Looking at disadvantages, transnational corporations are essentially monopolies. Because of this, it is extremely difficult for other firms to enter the market, and this ultimately negatively affects the consumer. Smaller firms may not be able to withstand the existing price framework, even if their product is unique and of high quality (Mishenin, Ye. & Yarova, I., 2019).

Also, the main complaints against transnational corporations can be attributed to the export of jobs that leads to a reduction in employment and tax evasion with the help of foreign branches, which undoubtedly can harm the state budget. One of the significant problems created by transnational corporations is transfer prices. Since TNC establishes different stages of a single technological process in different countries, an intensive exchange of goods occurs between the parent company and its foreign branches (Мішенін & Ярова, 2019; Ярова, 2020).

At the same time, transnational corporations, operating in many countries, have the ability to influence all spheres of public life. And the most powerful of them can evade economic and political control from the host states. It is not uncommon in history when foreign investors have enlisted the support of their actions from the political leadership. And if the government of the host country began to exert pressure, then transnational corporations left this country and moved to another – with the most loyal government (Mishenin et al., 2018; Sahoo, 2017; Mujtaba et al., 2018; Mishenin et al., 2021; Goncharenko, 2020; Thomas, 2020).

Summarizing all the above, we can argue that transnational corporations are one of the main "engines" of the growth of the entire world economy, if not the most important. For the further development of the world economy, it is necessary to maximize the advantages of transnational corporations, and correct their shortcomings. One way or another, our further economic prosperity depends on it (Singh, 2019; Hadbaa, H. & Boutti, R., 2019; Kaya, 2020).

In modern conditions of the formation of the world global market, the role is significantly increasing, as well as the scale of functioning of TNCs, which serve as a kind of international regulator of industrial production and distribution of products, increases. In addition, transnational corporations are the main structural element of any open economy, the driving force behind economic development and increasing the competitiveness of countries in general. The sectoral structure of TNCs is quite wide: 60% of international companies are engaged in manufacturing (primarily they specialize in electronics, automotive, chemical and pharmaceutical industries); 37% in the service sector and 3% in the mining and agricultural sectors (Hadbaa, H. & Boutti, R., 2019; El Amri et al., 2020).

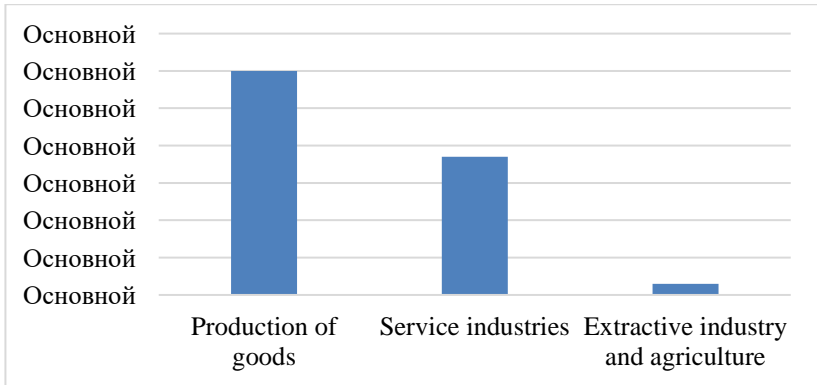


Fig. 1. Areas of TNCs activity (Міністерство, 2021)

The leading role in the world economy is played by the 100 largest transnational corporations. Most of them are located in industrialized countries. The top 100 TNCs control 70% of all foreign direct investment.

Geographic structure of the placement of the 100 largest TNCs (UNCTAD, 2021):

- USA - about 30%;
- Japan - 20%;
- Germany and France - 10% each;
- Great Britain - 7%;
- Switzerland - 5%.

Another trend in the global market is that China (together with Hong Kong) has become the leader in the number of companies included in the latest edition of the Fortune Global 500 ranking, surpassing the United States. Although American Wal-Mart still ranks first in the ranking based on last year's revenue, three Chinese companies follow. The American Fortune magazine has published an annual ranking of companies by their level of income – Fortune Global 500. Companies from different countries are compared by revenue received in the financial year ended March 31, 2020 or earlier, so that the rating does not reflect the decrease or increase in revenue. A total of 500 companies from the ranking received revenue of \$ 33.3 trillion for the year, and their combined profit amounted to \$ 2.1 trillion (Fortune, 2021). There are 133 companies from mainland China and Hong Kong in the current Fortune 500, thus for the first time in history China bypassed the United States - only 121 American companies were included in the rating. At the same time, American companies still surpass Chinese in total revenue - US corporations account for 30% of the revenue of all Fortune Global 500 companies, and Chinese, although there are more of them, only 25%. In addition, only American companies were in the top three

fast growing - Amazon.com, Centene (health insurance and services) and Facebook (Fortune, 2021).

Table 1.

Top 10 companies by income level (Fortune, 2021)

Company	Revenues (\$M)
Walmart	523,964
Sinopec Group	407,009
State Grid	383,906
China National Petroleum	379,130
Royal Dutch Shell	352,106
Saudi Aramco	329,784
Volkswagen	282,760
BP	282,616
Amazon	280,522
Toyota Motor	275,288

In total, the ranking includes 53 companies from Japan, 31 from France, 27 from Germany, 22 from the UK, 14 each from Switzerland and South Korea. Russia is represented in the Fortune Global 500 by four companies: Gazprom is in 55th place with revenues of \$ 118 billion, LUKOIL - in 57th (\$ 114.6 billion), Rosneft – in 76th (\$ 96.3 billion), and Sberbank – by 240th (\$ 48.3 billion) (Fortune, 2021).

Thus, the relevance of the study of TNCs and their role in the world is confirmed by the presence of certain characteristics of corporations that affect their position in the world. In the modern economy, transnational corporations can be called one of the main elements that determine the directions of development of an individual country and the world economy as a whole (International Trade, 2020; International Logistics, 2020). Transnational corporations play a huge role in shaping the global trade market and creating certain conditions there. Transnational corporations have access to almost all markets in the world; their activities affect many areas and projects (International Trade, 2020). With the help of its organizational structure, TNCs managed to gain a foothold in the world economy. Owning huge capital, they were able to penetrate not only into the economic life of the partner countries, but also into political life, supporting certain parties and movements (Gatsi, 2020; El Amri et al., 2020).

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