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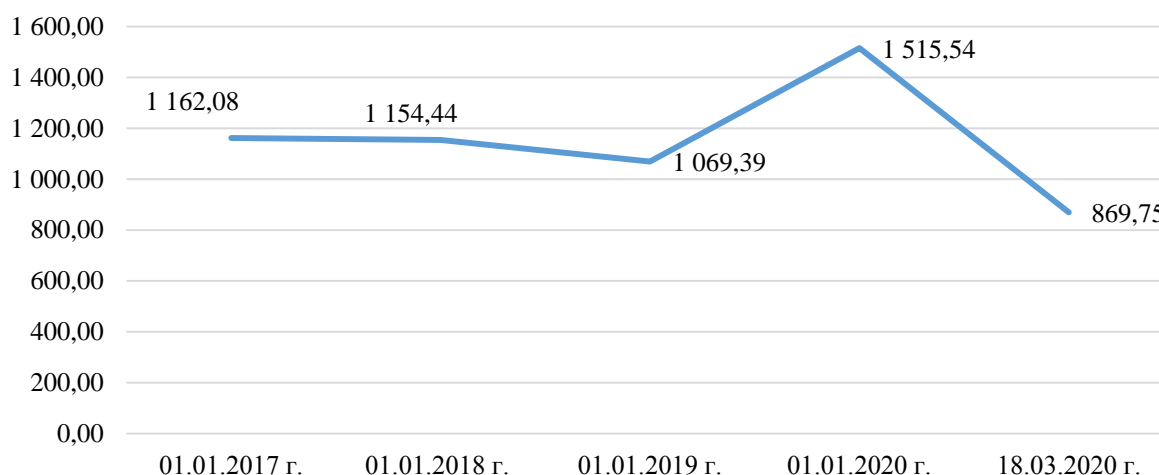


Figure 4. Dynamics of the PTC index [4]

As can be seen from figure 4, during 2019, the RTS index increased by 41%, however, in the 1st quarter of 2020, for the reasons already noted, it fell to a level below the value of 2017.

Summing up the analysis of the array of analytical data, the authors ask about the significance of the multiplier effect of the policy implemented by the Bank of Russia - this question is open, since leveling the restriction can cause both positive and negative effects on the state of the economy.

Thus, the study allows us to conclude that the financial policy of the Bank of Russia can be characterized as regulatory and restrictive, aimed at tightening control over the banking sector. At the same time, a noticeably weakened financial market demonstrates a high susceptibility to the influence of external factors that determine its negative dynamics. Obviously, the priority goal of the financial policy of the Central Bank of the Russian Federation is to strengthen the role of the state as the main regulator of economic and financial processes.

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FOREIGN DIRECT INVESTMENT: ASSESSMENT OF INVOLVEMENT IN THE ECONOMY OF UKRAINE

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Abstract

The article determines the importance of foreign direct investment in the country's economy, analyzes the

main trends in foreign direct investment in Ukraine, the dynamics of direct foreign investment in and from Ukraine. The distribution of direct investments in Ukraine by major investing countries is characterized. It has been established that Cyprus has remained the largest investor in Ukraine for many years, it is a small country that is the world's largest offshore, that is, in fact, a significant part of foreign direct investment coming into Ukraine is reinvested Ukrainian capital. It was also determined that the most attractive type of economic activity for investors remains industry and the financial sector, although for Ukraine it would be most beneficial to invest in agriculture, the light and food industries to form a closed production cycle and increase the value added of goods. It is proved that direct foreign investment in the regions is chaotic, that is, several regions receive a significant share of investments, western regions receive less foreign investment, they have been depressed regions for many years.

The main problems that reduce the level of investment attractiveness of Ukraine and constrain investors are analyzed, the main measures are identified, the implementation of which will significantly improve the situation of direct foreign investment in Ukraine. First, such a measure should be the development of the "Program for the Development of the Ukrainian Economy and the Restoration of the Standard of Living of the People" for the period until 2025, which should ensure a significant increase in the rate of economic growth to 7% per year, and increase the country's GDP growth by 2-2.5 times, achieving the pre-crisis level of real incomes of people.

To analyze the relationship between the increase in foreign investment and changes in GDP, a correlation-regression model was built

Keywords: investments, foreign direct investment, investment attractiveness, investing country, sectoral structure of investments, regional structure of investments.

Problem statement. Attracting foreign capital contributes to the stable economic growth of the country, increasing national competitiveness, expanded reproduction of the country's economy and more. The state of national production, the level of technological development, and the structural restructuring of the national economy depend on attracting foreign investment to the country. Foreign investment has positive consequences of entering the country (transfer of innovative knowledge, reducing unemployment, increasing productivity, updating the material and technical base of industry, borrowing experience in effective management, increasing the competitiveness of the country's exports, etc.) and are accompanied by threats to economic development economic activity, preservation of the current model of the country's involvement in the international division of labor, displacement of national products and national producers, technologies, environmental threats to the environment).

The current structure of Ukraine's economy is insufficiently balanced, which can be seen, in particular, in the uneven economic development of the country's regions and the structure of exports, which is represented by a high share of raw materials and a low share of high-tech products. These problems are complicated by the insufficient level of global competitiveness of domestic products, as well as the unfavorable investment climate in Ukraine. Therefore, in the context of improving the position of Ukraine's economy in the world economy, Ukraine needs not only to attract a significant amount of foreign investment resources, but also their efficient distribution and use. In this regard, there is a need to study the sectoral and territorial structure of foreign direct investment in the economy of Ukraine.

Analysis of recent research and publications. Leading Ukrainian scientists:

Balabanova N.V., Bondarenko O.H., Bordanova L.S., Vavdiyuk N.S., Zolotar'ova O.V., Koval' H., Koryts'ka N.I., Levchuk O.V., Mil'ko I.V., Roshchyna N.V., Savchuk S.V. and other made a significant contribution to the development of theoretical and methodological bases for attracting foreign direct investment

in the world, and in Ukraine in particular.

Foreign direct investment is defined as foreign investment made by an economic entity, who is a resident of one country in business operations of a resident of another country with the intention of long-term income [1].

According to the WTO definition, foreign direct investment occurs when an investor from one country (country of origin) acquires assets in another country (recipient country) with the intention to manage these assets [2].

According to the World Bank, foreign direct investment is such foreign investment, which provide long-term income or management control over the enterprise [3].

In its publication "Detailed Basic Definition of Foreign Direct Investment", the OECD defines FDI as the net inflow of investment made to obtain long-term management of a stake (10% or more of the voting shares) in a firm conducting business in any country, except for the country of origin of the investor [4].

According to the IMF methodology, foreign direct investment is a foreign investment of more than 40% of the authorized capital, which gives the stakeholder the right to participate in the management of the enterprise [5].

The Law of Ukraine "On the regime of foreign investment" defines foreign investment as "values invested by foreign investors in the objects of investment activity in order to make a profit or achieve a social effect [6].

According to Levchuk O.V. foreign direct investment is usually used in the creation of new firms (joint ventures) or to establish control over an existing firm by purchasing a controlling stake, also very common use of FDI is in the activities of modern TNCs [7].

However, despite significant scientific developments in this area, the problem of attracting foreign direct investment and creating a favorable investment climate remains relevant and needs further study.

Goals setting. The aim of the article is to study the trends of foreign direct investment in the national economy, identify the main problems of attracting foreign

direct investment and analyze the country's investment climate in order to improve it.

Presentation of the main research material. A special role in intensifying investment activity in Ukraine is played by attracting mutually beneficial foreign direct investment, primarily to implement joint projects to address the structural transformation of the economy, the introduction of new technologies and increase the competitiveness of Ukrainian goods [8].

In modern conditions, foreign direct investment is the most popular form of investment for emerging economies, because it allows you to implement large and important projects, and in addition the country receives the latest technologies (eg, in the creation of industries), new corporate governance practices, etc. The main ways to implement FDI:

- investing from scratch - the creation of a branch or enterprise abroad, which is 100% owned by the investor;
- acquisition or purchase of a foreign enterprise;
- financing the work of branches;
- acquisition of property rights: land use rights, natural resources, etc. ;
- granting rights to use know-how, technologies, etc. ;
- purchase of shares / units in the authorized capital of a foreign company, which give the right to control the activities of the enterprise [9].

According to Kozak L.S. and Tsvetkova D.V. [10], foreign investment creates additional market competition. Ukraine has a very high level of concentration of production in many industries. Under these conditions, companies with foreign investment can intensify competition, using some of its advantages (higher productivity, better marketing).

Increasing competition is one of the factors that contributes to reducing the overall level of production costs in the markets of certain products. The emergence of a company with foreign investment requires other local firms to implement technological and organizational innovations.

Thus, the attractiveness of foreign direct investment is due to the following:

- imports of direct investment leads to an increase in production capacity and resources;
- promotes the spread of advanced technology and management experience, training of human resources;
- not only new material and financial resources appear, but also existing resources are mobilized and used more productively;
- direct investments contribute to the development of the national research base;
- stimulates competition and related positive phenomena (undermining the position of the local monopoly, lower prices and improving the quality of products, which replaces both imports and obsolete products of local production);
- increase demand and prices for national (local) factors of production;
- revenues in the form of taxes on the activities of international joint ventures are increasing;
- in conditions of weak control over the use of government loans, investment risk is transferred to foreign investors, who independently solve the problem of self-sufficiency [10].

Examining the trends of attracting FDI in the economy of Ukraine during 2009-2019 (Table 1), we can say that the inflow of investment in Ukraine in 2019 compared to 2018 increased by 1.3 billion dollars. USA (or 4.1%).

Table 1

Investment balance of Ukraine for 2009-2019, million USD USA

| Years | FDI in the economy of Ukraine | Growth rate (%) | FDI from the economy of Ukraine | Growth rate (%) | Investment balance |
|-------|-------------------------------|-----------------|---------------------------------|-----------------|--------------------|
| 2009 | 35616,4 | | 6203,1 | - | 29413,3 |
| 2010 | 39824,5 | 11,8 | 5782,8 | -6,8 | 34041,7 |
| 2011 | 46293,5 | 16,2 | 6424,8 | 11,1 | 39868,7 |
| 2012 | 29494,4 | -36,3 | 6456,2 | 0,5 | 23038,2 |
| 2013 | 53178,1 | 80,3 | 6588,7 | 2,1 | 46589,4 |
| 2014 | 53704 | 1 | 6702,9 | 1,7 | 47001,1 |
| 2015 | 38356,8 | -28,6 | 6456,2 | -3,7 | 31900,6 |
| 2016 | 32122,5 | -16,3 | 6315,2 | -2,2 | 25807,3 |
| 2017 | 31230,3 | -2,8 | 6346,3 | 0,5 | 24884 |
| 2018 | 31606,4 | 1,2 | 6322 | -0,4 | 25284,4 |
| 2019 | 32905,1 | 4,1 | 6294,4 | -0,4 | 26610,7 |

Source: calculated by the authors on the basis of data [11]

During the analyzed period, the decline in foreign direct investment was recorded only in 2012, as well as in 2015-2017, when their inflow into the national economy decreased by 36.3%, 28.6%, 16.3% and 2.8%, respectively. However, these growth rates (decline) characterize the current year compared to the previous one, if we analyze the overall figure, since 2014, the amount of FDI in Ukraine's economy has been declining. As for investment inflows from Ukraine, in 2019 compared to

2018 it decreased by almost \$ 0.3 billion. USA (or 0.4%). The last time they fell was in 2015-2016, when investment inflows into the national economy fell by 3.7% and 2.2%, respectively. However, in 2017 there was a slight increase - by 0.5%.

It should be noted that during 2009-2019 there was a positive investment balance, its dynamics is shown in Fig. 1.

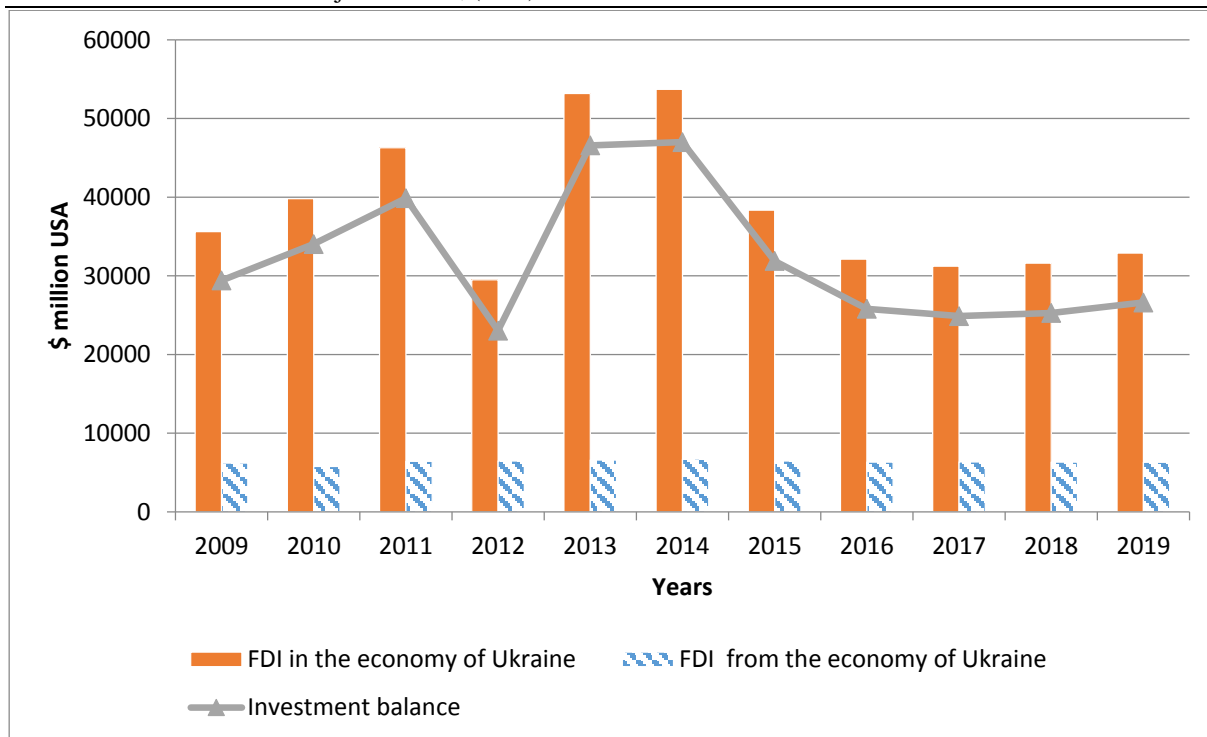


Fig. 1. Dynamics of attracting foreign direct investment in Ukraine, million dollars USA

Source: built by the authors on the basis of data [11]

As can be seen from Fig. 1, during 2009-2019 the amount of investments in Ukraine is much larger than the amount of investments from Ukraine. The dynamics of investment inflows to Ukraine and the investment balance during 2009-2019 does not have a stable trend, and its dynamics indicates a significant dependence on the economic and political situation in the country.

In general, during the years of Ukraine's independence, in its best times, investments were made by residents of 133 countries. According to the results of 2019, the TOP-10 most influential investors for Ukraine included: Cyprus (USD 10,368.9 million), the Netherlands (USD 8,301.4 million), and the United Kingdom (USA), Germany (1843.1 million US dollars), Switzerland (\$ 1,714.5 million), Austria (\$ 1,249.4 million), the Virgin Islands (\$ 1,062.1 million), France (\$ 845.5 million), Russia Federation (USD 783.3 million), Poland (USD 693.7 million). The investment was made in the form of participation in the share capital (purchase of shares by the investor); reinvestment of income (proportionality to the share of shares); intra-firm loans or debt transactions (short- or long-term loans) [11].

Cyprus has always been the largest investor in Ukraine. Even though the country is quite small, Cyprus is known as the world's largest offshore company, which is why Ukrainian entrepreneurs used companies registered in these countries to try to avoid taxation.

In Ukraine, much of foreign direct investment, even before the war, was actually reinvested Ukrainian capital. That is, even before the war, there were problems that hindered the attraction of real foreign investment. Their solution is still relevant. The Organization for Economic Co-operation and Development (OECD) emphasizes this: "Although the political situation and the level of security in the country have deteriorated in

recent years, the problems are long-term and include poor business environment, weak institutions and total corruption."

Business guidelines and stereotypes, the motivation and nature of the actions of truly foreign and post-Soviet investors acting under the guise of foreign ones, sometimes differ significantly. Post-Soviet investors are better oriented than foreign ones in doing business in Ukraine. At the same time, they tend to have less experience than international foreigners in international markets. These characteristics of post-Soviet foreign investors often contribute to the fact that they seek to invest in those areas of the economy that are characterized by a relatively simpler business organization, especially internationally, and a relatively lower share of value added (including wages) in the structure of the value of manufactured goods and services. On the other hand, indeed, foreign investors tend to have a clearer idea than post-Soviet investors about the system of organizing their business internationally. Accordingly, they invest in Ukraine, as a rule, in order to implement the enterprises created or acquired in our country in the general system of organization of their business, which is often carried out internationally. This trend is particularly clear in Ukraine in the ferrous metallurgy (Arcelor Mittal Steel Kryvyi Rih) and banking. Significant differences between these two categories of investors also exist in the field of corporate culture, attitudes to legal norms and so on. All of the above affects the market strategy and tactics of these categories of investors and, accordingly, the dynamics of foreign investment flows to Ukraine [13].

In the sectoral aspect, the largest share of foreign direct investment is concentrated in industrial enterprises - 10,823.4 million dollars (32.9%), including

processing - 8337.6 million dollars. (25.3%) and mining - 1747.3 (5.3%). Among the processing industries, the largest amount of investment falls on the production of food, beverages and tobacco products - 2859.4 million dollars. USA (8.7%), production of finished metal products - 1662.3 million dollars. USD (5.1%), production of rubber and plastic products, other non-metallic mineral products - 1127.0 million dollars. USD (3.4%), mechanical engineering - 794.5 million dollars. USD (2.4%), electricity and gas supply - 684.4 million USD. USD (2.1%), production of chemicals and chemical products - 654.2 million dollars. USA (2.0%). In enterprises of trade, repair of cars, household goods and personal items - 5480.2 million dollars. USD (16.7%),

4228.2 million USD are concentrated in organizations engaged in real estate operations, renting, engineering and provision of services to entrepreneurs. USD (12.9%), in the financial sphere and insurance activity - 3641.1 million USD. USD (11.1%), in the field of information and telecommunications - 2201.1 million dollars. USD (6.7%), in the sector of professional, scientific and technical activities - 2096.9 million dollars. USD (6.4%), 451.9 million USD are concentrated in agriculture. USA (1.4%) of foreign direct investment (Fig. 2) [11]. Production of chemicals and chemical products - 654.2 million dollars. USA (2.0%).

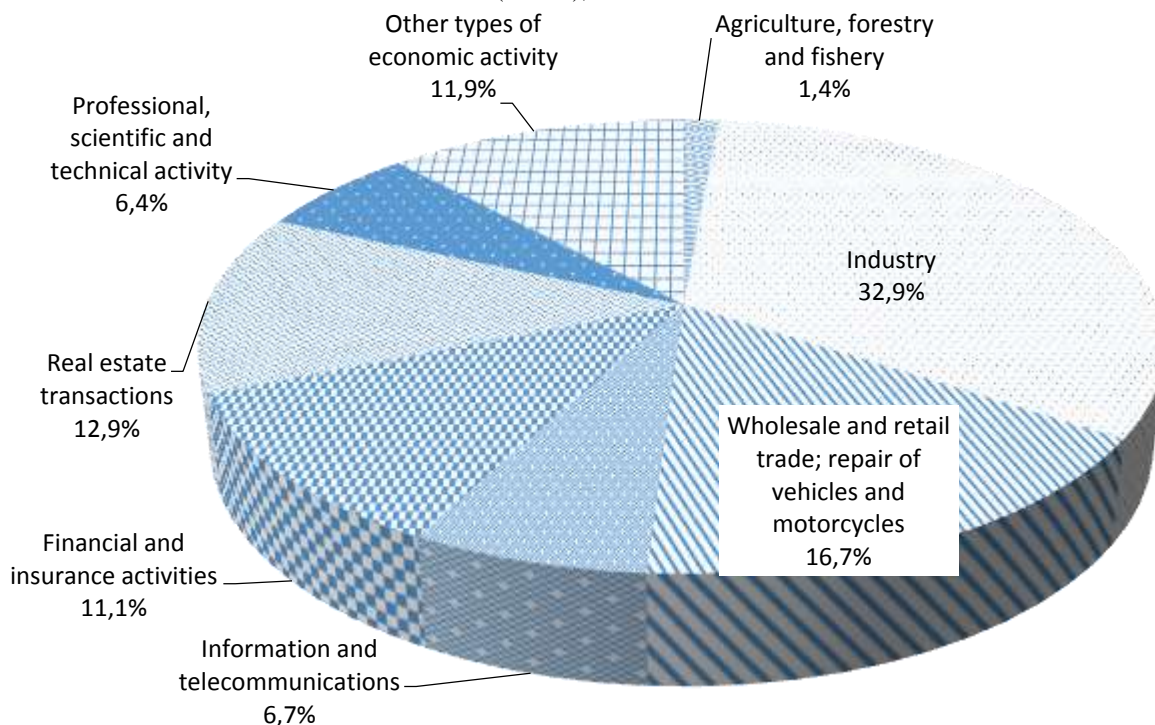


Fig. 2. The structure of FDI in Ukraine by type of economic activity in 2019,%

Most of the foreign direct investment in the Ukrainian economy during the entire period of independence was directed to the acquisition of existing enterprises, their expansion, reconstruction and modernization. First of all, this applies to industrial enterprises. However, equipping industrial production with new equipment and technologies, especially those obtained as a result of conducting their own basic and applied research, requires the mobilization of more significant investment resources.

In addition, promising industries for foreign investors are consumer goods, the agro-industrial sector, information technology and software, healthcare, the environment and tourism. The energy sector can potentially also attract significant investment, but only after it has been restructured and privatized.

The Ukrainian side is interested in investing in energy-saving technologies, agro-industrial complex, metallurgy, aircraft construction, transport and communications. First of all, it is necessary to support those areas of production that quickly produce the final product, saturate the domestic market, have significant export potential, promote employment. Such industries

are light and food industries, mechanical engineering and instrument making, metallurgy, chemical industry. In the agro-industrial complex - this is the technology of processing and storage of agricultural products. The latter direction may be the most promising, as up to 40% of the world's black soil are concentrated in Ukraine. However, this growth largely depends on the government's contribution to the real policy of agricultural privatization and the rapid implementation of this policy [7].

Dnipropetrovsk, Kyiv and Donetsk oblasts were among the ten most attractive regions of Ukraine for FDI inflows; as well as Odessa, Poltava, Lviv, Zaporizhia and Ivano-Frankivsk regions. The largest amounts of FDI came to the capital (52.9% of the total) [11].

Currently, foreign direct investment in the regions of Ukraine is directed rather unevenly and chaotically, which, of course, inhibits the socio-economic development of depressed regions, such as Chernivtsi, Kirovohrad, Ternopil, Rivne regions. After all, as you know, these regions do not receive the necessary level

of investment to ensure their development. And the thesis that the eastern regions of Ukraine "feed" the western ones is especially relevant now, because the gap between the socio-economic development of the regions of Ukraine is growing.

The main problems that negatively contribute to the attraction of FDI in the regions of Ukraine in modern conditions are:

1) underdeveloped tools for developing the internal potential of regions, namely regional strategies. There is no systematic analysis of the region's internal potential and identification of ways to use it in the existing regional development plans. Accordingly, the analysis of the state of development of certain industries and spheres of activity conducted in this way does not contribute to the disclosure of the internal potential of the regions.

2) falling volumes of foreign investment due to the deterioration of the socio-economic situation in the country and the decline in investment attractiveness of the regions of Eastern Ukraine due to hostilities.

3) irrationality of FDI distribution, which leads to their low return. For a long time, there has been a concentration of investment in manufacturing, finance and

insurance, wholesale and retail trade, repair of motor vehicles and motorcycles. Due to the uneven distribution of investments, it is impossible to succeed in economic development. Instead, there is a lack of direct investment in construction, agriculture, forestry and fisheries, due to the risk and seasonality of these investment projects.

4) inefficiency of corporate governance and corporate social responsibility. In Ukraine, there are problems with the fulfillment of mutual obligations, as a result of which investors from resident companies, which are not satisfied with domestic legislation, try to withdraw capital from Ukraine [14].

However, Ukraine receives significant investments that affect the economy as a whole. One of the most important indicators of the system of national accounts is gross domestic product (GDP). GDP characterizes the final result of production activities of resident economic units in the field of tangible and intangible production.

Table 2 analyzes the inflow of investment and the size of Ukraine's GDP.

Table 2

Dynamics of GDP of Ukraine and foreign investments, 2009-2019

| Years | GDP | | Foreign direct investment | |
|-------|--------------------|-----------------|---------------------------|-----------------|
| | million US dollars | Growth rate (%) | million US dollars | Growth rate (%) |
| 2009 | 947042 | – | 35616,4 | – |
| 2010 | 1079346 | 14,0 | 39824,5 | 11,8 |
| 2011 | 1299991 | 20,4 | 46293,5 | 16,2 |
| 2012 | 1404669 | 8,1 | 29494,4 | -36,3 |
| 2013 | 1465198 | 4,3 | 53178,1 | 80,3 |
| 2014 | 1586915 | 8,3 | 53704 | 1 |
| 2015 | 1988544 | 25,3 | 38356,8 | -28,6 |
| 2016 | 2385367 | 20,0 | 32122,5 | -16,3 |
| 2017 | 2983882 | 25,1 | 31230,3 | -2,8 |
| 2018 | 3560596 | 19,3 | 31606,4 | 1,2 |
| 2019 | 3974564 | 11,6 | 32905,1 | 4,1 |

Source: calculated by the authors on the basis of data [11]

To study the relationship between the increase in foreign investment and changes in GDP, you can use the correlation-regression model:

$$\text{GDP} = f(\text{Foreign direct investment}), \quad (1)$$

The initial data for the model are the growth rate

of GDP and the size of foreign direct investment. To build a correlation-regression model, we use the package "Data Analysis" of the MS Excel spreadsheet processor (Table 3-5).

Table 3

Estimated data from the regression analysis of foreign direct investment and GDP of Ukraine, 2009-2019

| Regression statistics | |
|-----------------------|-------------|
| Multiple R | 0,455536375 |
| R-square | 0,207513389 |
| Normalized R-square | 0,108452563 |
| Standard error | 7,011018348 |
| Observations | 10 |

Source: calculated by the authors on the basis of data [11]

Table 4

Estimated data of analysis of variance of foreign direct investment and GDP of Ukraine, 2009-2019

| Indicators | df | SS | MS | F | Significance F |
|------------|----|---------|----------|----------|----------------|
| Regression | 1 | 102,969 | 102,969 | 2,094808 | 0,185824 |
| Balance | 8 | 393,235 | 49,15438 | | |
| Total | 9 | 496,204 | | | |

Source: calculated by the authors on the basis of data [11]

Table 5

Estimated data of dispersion statistics on foreign direct investment and GDP of Ukraine, 2009-2019

| Dispersion statistics | Odds | Standard error | t- statistics | P- Meaning | Lower 95% | Top 95% | Lower 95% | Top 95% |
|-----------------------|-------------|----------------|---------------|------------|-----------|---------|-----------|---------|
| Y-intersection | 15,9640002 | 2,2283 | 7,1640 | 9,58E-05 | 10,8254 | 21,1025 | 10,8254 | 21,1025 |
| Variable X 1 | -0,10588243 | 0,0731 | -1,4473 | 0,185824 | -0,2745 | 0,06281 | -0,2745 | 0,06281 |

Source: calculated by the authors on the basis of data [11]

The calculated value of R-square, which characterizes the reliability of the model, is 20.8%, which indicates a low level of reliability of the model, the Fisher coefficient is 2.41, the Student's t Distribution t is 1.45. The calculated indicators confirm a very low dependence between variables.

The calculated correlation coefficient $R = 0.456$

indicates a moderate correlation between the data calculated from the regression equation and the empirical data.

The dependence of GDP growth on changes in the growth (decrease) of foreign direct investment is shown in Fig. 3.

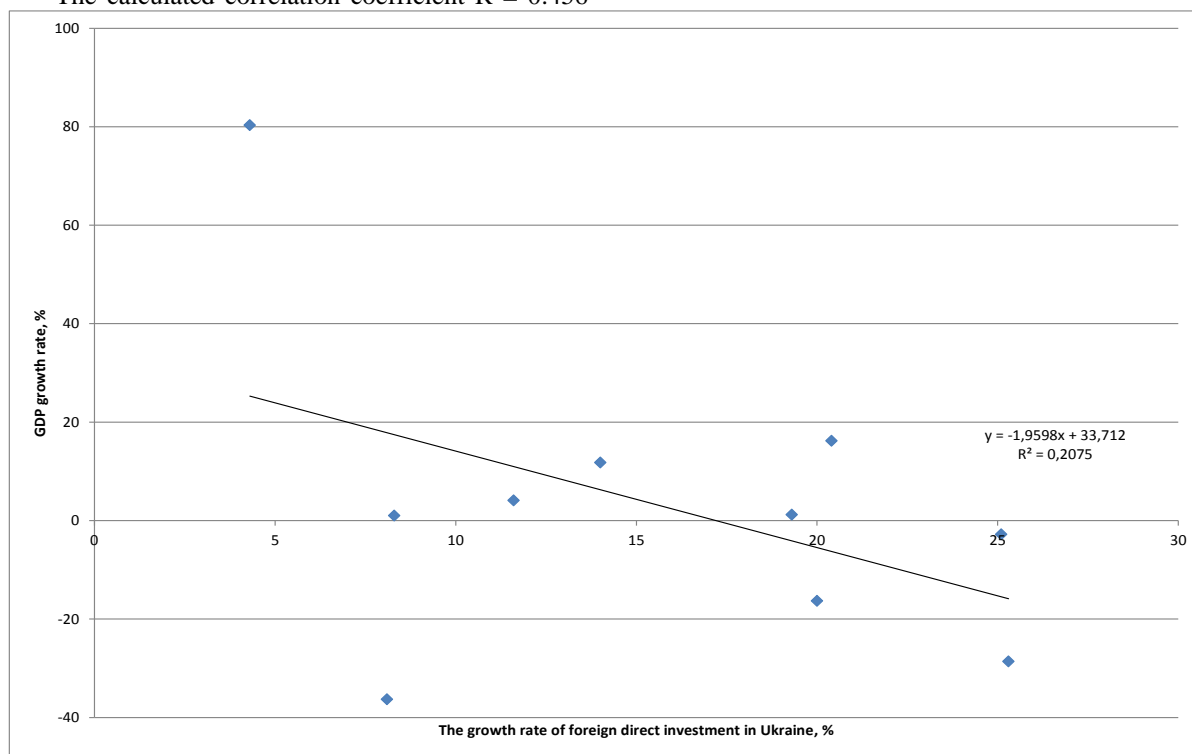


Fig. 3. Graph of distribution of GDP growth rates and foreign direct investment in Ukraine with a trend line

Source: built by the authors on the basis of data [11]

The data of fig. 3 show that the distribution of values is chaotic with respect to the trend line. All this confirms the conclusion that the change in the growth of foreign direct investment in Ukraine does not affect the change in GDP.

In order to objectively assess the role of foreign investment in the Ukrainian economy, it is necessary to take into account, along with the positive aspects, a number of possible negative consequences. Western companies pay priority attention to the extraction and export of raw materials in Ukraine. This can lead to a rapid depletion of national reserves of non-renewable resources, as well as to further strengthen the position of extractive industries, which are already hypertrophied. Weak state regulation of issues related to attracting foreign capital and lack of strict control over compliance with environmental standards create conditions for the transfer to the territory of Ukraine of production, closing down in industrialized countries that pollute the environment [7].

The country that attracts foreign investment faces

a dilemma: if the legislation is too restrictive, foreign capital will not be invested, if it is too liberal, then in some cases, when the economic or political situation worsens, foreign investors will export both profits and initial investment, which can lead to a payment crisis. Another problem arises in connection with state regulation of foreign investment: if the state seeks to tightly control them, the flow of investment will decrease; if there are no state restrictions and incentives, then foreign investors will take into account only personal interests.

The institutional environment of direct state regulation of foreign direct investment is an important mechanism that sends clear signals to foreign investors and significantly affects the scale and quality of capital raised in the country's economy. However, in this context, it should be emphasized that today in Ukraine the development of the institutional environment continues to be one of the key issues of ensuring the effective functioning of the mechanism of state regulation of foreign direct investment in Ukraine [15].

Ensuring the successful implementation of the goal of the process of state regulation of foreign direct investment in the institutional economy requires the implementation of a number of key objectives of this process, among which it is appropriate to highlight the following:

1) directing the flow of foreign direct investment in the industry, which are a priority to ensure further transformation of the economy of the recipient country; 2) elimination of obstacles to the movement of foreign direct investment through the unification of mechanisms for their regulation; 3) promoting the liberalization of investment regimes of recipient countries and the protection of foreign direct investment from political and other risks;

4) increase coordination and intensify control over foreign direct investment in order to achieve economic and monetary and financial stability by recipient countries; 5) ensuring the avoidance of contradictions (due to inconsistencies in national legislation) between foreign direct investors (including TNCs) and recipient countries; 6) the formation of common approaches to assessing the impact of various aspects of foreign investors on the economic development of the recipient country; 7) ensuring greater social responsibility of foreign investors for the consequences of their activities in

the recipient country; 8) neutralization of negative consequences from irrational behavior of foreign investors in the recipient country; 8) promoting entrepreneurship in the recipient country [16].

World experience shows that foreign investors are simply attracted to regions with lower wages. Foreign capital is invested in countries with higher wages, which is offset by better infrastructure, a more developed economy and a more efficient administration. The problem also arises when products with foreign investments appear on the market. The competitive advantages of these firms can lead to the bankruptcy of local producers, which causes an increase in unemployment. Of course, from an economic point of view, this is justified: more efficient producers displace weaker competitors. But in many cases there is opposition aimed at protecting national interests. Already today in some areas attempts to make foreign investment are resisting [10].

Today, the investment climate in Ukraine is not favorable enough to attract new direct investment and restore their pre-crisis level.

In order to identify the factors of investment attractiveness of the economy, we analyze the place of Ukraine in the ranking of global competitiveness calculated according to the methodology of the World Economic Forum (Table 6).

Table 6

Dynamics of Ukraine's position on the Global Competitiveness Index in 2012-2019

| Indicators | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|------|------|------|------|------|------|------|------|
| Number of countries in the ranking | 144 | 148 | 144 | 140 | 138 | 137 | 140 | 141 |
| Ukraine | 73 | 84 | 76 | 79 | 85 | 81 | 83 | 85 |

Source: built by the authors on the basis of data [17]

According to the global competitiveness rating by country, only Ukraine loses positions in the overall ranking of the global competitiveness index, in particular in 2019, Ukraine lost two positions compared to

2018.

Let's analyze its strengths and weaknesses in accordance with the 12 benchmarks that determine national competitiveness (Fig. 4).

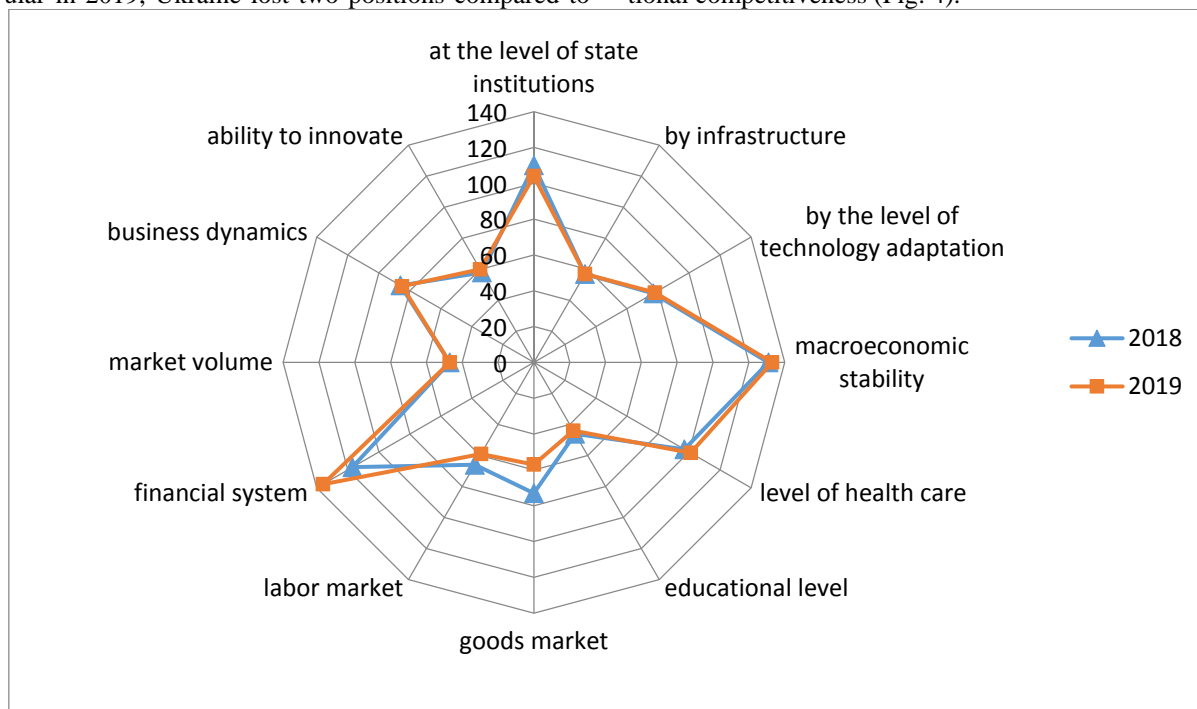


Fig. 4. Estimation of the Global Competitiveness Index (GCI) of Ukraine in 2018-2019

Source: built by the authors on the basis of data [17]

As can be seen from Fig. 4, weaknesses in 2019 are the financial system, in which the rating of Ukraine dropped by 19 positions - to 136th place, the level of health care - the rating decreased by 9 positions to 101st place. Indicators of the level of technology adaptation deteriorated - from 77th to 78th place, macroeconomic stability - from 131st to 133rd place and innovation opportunities - from 58th to 60th place.

At the same time, for the second year in a row, the country's position on the criteria of "goods market" - from 73rd to 57th place, "labor market" - from 66th to 69th place and "institutional development" - from 110th to 104th place.

In addition, Ukraine managed to rise slightly in such indicators as the level of education - from 46th to 44th place and the level of business development - from 86th to 85th place.

In terms of the volume of the domestic market, Ukraine retained its former position - 47th place, and in terms of infrastructure 57th place.

It is advisable to specify the main factors that have negatively affected the investment climate in Ukraine at present:

- Ukraine's low official level of GDP is one of the key barriers to the transition from macroeconomic stability to dynamic growth. Thus, the annual GDP growth rate of 2-4% typical for developed countries is fundamentally incapable of significantly changing Ukraine's competitive position and increasing investment attractiveness not only in the medium but also in the long run;

- the practice of debt security of macroeconomic stability (further increase of debts for restructuring of previous ones, balance of payments, gold and foreign exchange reserves, mainly state absorption of "toxic" capital in the process of cleaning the banking sector) has brought debt pressure to a new level of danger amounted to 60.9% of GDP at the end of 2018 [11];

- structural imbalance of the labor market. The interpretation of low wages as a competitive advantage in previous decades has led to a systemic crisis in the labor market, which has led to a decrease in the share of wages in GDP. Opportunities for realizing the economic potential of the working population in Ukraine have been curtailed and the population's dependence on income earned abroad has increased. The lag in the level of wages (not only in comparison with the EU countries) discourages economic activity of citizens in Ukraine and increases the risks of labor emigration;

- Ukraine is significantly displaced from the technological chains of value added. In just three years, the Ukrainian economy has lost 60% of its revenue from exports of medium- and high-tech products (primarily engineering and the chemical industry);

- low competitiveness of Ukrainian goods on the world market, the main reasons for which are: structural limitations (narrow range and raw material orientation), unsatisfactory quality of products and services, non-compliance with international technical standards, inadequate consumer characteristics; relatively high price due to low productivity;

- unsatisfactory business conditions in Ukraine. According to the World Bank, the nature and volume of investment in Ukraine meet the conditions of doing

business, where an improvement of 1% of the index leads to an annual increase in foreign direct investment by \$ 250-500 million. USA. Although Ukraine is gradually improving its position in the ranking (81st place in 2018 against 83rd in 2017), among the Eastern Partnership countries, it still ranks unsatisfactory in terms of foreign direct investment (FDI) per capita .

The general unsatisfactory level of business conditions is evidenced by the 81st place of Ukraine in the overall competitiveness rating 2017-2018 (Global Competitiveness Index), with the worst indicator of the effectiveness of antitrust policy - 136th out of 138 places [18] .

In order to increase the volume of foreign investment, first of all, the following measures are needed in the context of improving the investment policy of the state:

- maximum simplification of procedures governing the relationship between the state and entrepreneurs in the field of attracting foreign investment;

- legislative creation of a reliable system of insurance and reinsurance of investment risks with the participation of the state;

- granting a foreign investor the right to lease (rather than own property, as is often suggested) a land plot for the placement of an enterprise with foreign capital for a period favorable to him;

- creation of a regulatory framework for the settlement of relations for attracting foreign investment in the development of mineral deposits;

- ensuring the implementation of special regimes of investment activity in free economic zones and territories;

- attraction of foreign citizens' savings into the investment sphere with the use of guarantee mechanisms for their return;

- creation of a system of stability guarantees to ensure long-term financing of investment projects.

In the process of rebuilding the economy of Ukraine, financial stabilization and overcoming the investment crisis, it will be appropriate to create a level playing field and incentives for national enterprises and enterprises with foreign partial or 100% investment [18].

In general, the low level of investment attractiveness of Ukraine determines the need to implement a new strategy for the country's development, to determine the tasks to be solved in the medium and long term. Objectively, it is necessary to develop a "Program for the development of Ukraine's economy and recovery of people's living standards until 2025, which should provide a significant increase in economic growth to 7% per year, increase the country's GDP by 2-2.5 times, achieving pre-crisis level of real incomes of people.

Also priority issues that need special attention are the fight against corruption, judicial reform and land reforms (slow pace of reforms), high business lending rates, the conflict in the East, bureaucracy, smuggling and the shadow economy [19].

Conclusions. Based on the study of the current state of foreign direct investment in the economy of

Ukraine, we can conclude that at the present stage of management there is a decrease in the intensity of foreign direct investment due to a number of economic and political factors. Despite the fact that over the last ten years the geographical structure of attracted FDI has changed somewhat, the main investor for Ukraine is the EU. A study of sectoral investment priorities in the national economy shows that the private sector of foreign countries is mainly interested in highly profitable areas, in particular, the financial sector and industry, which currently account for about half of foreign investment in the country's economy.

Moreover, every year there is a growing differentiation of attracting foreign investment in the field of their investments.

The main ways to improve the policy of attracting foreign direct investment are: maximum simplification of procedures governing the relationship between the state and entrepreneurs in the field of attracting foreign investment; legislative creation of a reliable system of insurance and reinsurance of investment risks with the participation of the state; granting a foreign investor the right to lease (rather than own property, as is often suggested) a land plot for the placement of an enterprise with foreign capital for a period favorable to him; creation of a regulatory framework for the settlement of relations for attracting foreign investment in the development of mineral deposits; ensuring the implementation of special regimes of investment activity in free economic zones and territories; attraction of foreign citizens' savings into the investment sphere with the use of guarantee mechanisms for their return; creation of a system of stability guarantees to ensure long-term financing of investment projects.

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