

Міністерство освіти і науки України

Національний університет харчових технологій

**80 МІЖНАРОДНА НАУКОВА
КОНФЕРЕНЦІЯ
МОЛОДИХ УЧЕНИХ,
АСПІРАНТІВ І СТУДЕНТІВ**

*“Наукові здобутки молоді –
вирішенню проблем харчування людства
у ХХІ столітті”*

Частина 4

10–11 квітня 2014 р.

Київ НУХТ 2014

13. Investment climate in Ukraine and the ways of its improvement

Olecksiy Yandiuk

National University of Food Technologies

Introduction: Favourable investment climate is an important factor in attracting investments to build a structured economy, introduce innovative products, accrue reserves of enterprises, improve the living standards of people and encourage rapid economic growth of the country. When making investment decisions, foreign investors primarily take into account the investment climate in the country. Therefore nowadays, the improvement of investment climate is the most important challenge for Ukraine, and it determines the actuality of this problem.

Resources and methods: Investment climate in Ukraine was studied by many scientists, including O. Varyanychenko, V. Hridasov, M. Zhuk, O. Isaev, S. Krivchenkov, S. Mochernyi, N. Navrotska, I. Pavlenko, I. Sazonets, A. Sukhorukov, V. Fedorov, and others. However, this problem remains insufficiently studied and requires further in-depth research, as the investment climate in the country is still unfavourable.

Investment climate is a set of political, social, economic, financial, social, cultural, organizational, legal and geographical factors that are inherent in a particular country and determine its attractiveness to foreign investors.

As for the overall assessment of the investment climate in Ukraine at the macroeconomic level, it should be noted that the economy is declining, the share of tax revenues is decreasing, default of payments is accumulating, the share of bank lending in GDP is going down, domestic and foreign debt is increasing, the level of shadow economy is growing, the share of public investment is reducing (annually for a total of 5 - 10%). In addition, the investment climate of the state is significantly affected by:

- hidden unemployment;
- inability of state to ensure social protection of its citizens;
- lack of effective bankruptcy procedures, protection of property rights;
- high crime rate;
- poor discipline in the execution of legislative instruments.

The reasons for worsening of the investment climate in Ukraine are: (1) the politicization of the economy, and (2) the negative effects of privatization, which resulted in distortion and replacement of the main goal of privatization: the promotion of production and profit-making within the short period of time.

Taking into account economic potential and limited domestic investment possibilities, the state is trying to create favourable framework conditions for investment. The transition to investment management which is based on market relations is performed. Multisectoral system of capital construction is being formed. Boards of Construction are liquidated. Construction companies are being divided into smaller units and privatised. In macroeconomic policy, emphasis is made on creating preconditions for investment growth: reducing inflation, ensuring optimum interests on deposits and investments, lowering interest rates on loans, debt reducing and increasing the consumer demand.

Results: Having analysed the problem, we can identify the factors which ensure possibilities to overcome or reduce risks for investors in Ukraine:

1. level of development of productive forces and the state of the investment market;
2. legal framework of the state (legal basis);
3. political will of all branches of state power;

4. state of financial and credit systems;
5. status of the foreign investor;
6. investment activity of the population.

Conclusions: One of the most important factors of improving the investment climate in Ukraine is to create legal framework adequate to the market economy. To do this, it is necessary to make international agreements on the promotion and protection of investments and avoidance of double taxation, exchange of information on regulations in the field of investment activity, formation of stable legal framework and conditions for conducting entrepreneurial activity.

References

1. Про інвестиційну діяльність: Закон України № 1560 від 18.09 1991р.
2. Інвестування української економіки: монографія / за ред. А. І. Сухорукова. – К.: Національний інститут проблем міжн. безпеки, 2005. – 440 с.;
3. *Жук М. В. Регіональна економіка: підручник / М. В. Жук.* – К.: Академія, 2008. – 416 с.
4. Регіони України 2011.[Електронний ресурс] // Режим доступу: <http://ukrstat.gov.ua>
5. Загородній А. Г. Фінансово – економічний словник / А. Г. Загородній, Г. Л. Вознюк. – Л.: Вид-во Львівської політехніки, 2011. -1072с.

Scientific supervisor: Liudmyla Shapran