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FOREIGN DIRECT INVESTMENT IN UKRAINE

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Foreign direct investments are attractive and important for any country that takes investment because such type of investment exists for the long-term and are significant in volume. By attracting foreign investment, the state has the opportunity to finance budget deficits, pension programs and other liabilities. Attracting foreign direct investment leads to increased productivity by providing new technologies, improving working methods and quality control, as well as staff training (Abeysekera, 2020; Agnihotri, 2019; Bhowmik, 2018; Bublyk et al., (2017 Buchynska et al., 2020).

We can consider investment as foreign in case if investors hold not less than 25% of the company's share capital. Such type of investment provides establishment of new enterprise or joint venture; opening of a foreign subsidiary; the purchase or acquisition of an existing company. Why foreign direct investments are important, because they are regarded as the main source of investment and they are not a burden as an external debt of the state, while ensuring the integration of the national economy into the world economy (Kaya & Kwok, 2020; Kendiukhov & Tvaronaviciene, 2017; Levchenko et al., 2018; Lyulyov & Pimonenko, 2017; Sokolov et al., 2018).

Due to implementation of foreign direct investments: joint business activities are developing, new industries and innovative types of production are emerging, production costs are decreasing, sales markets and export opportunities of enterprises are expanding.

Foreign direct investment in Ukraine during 2015-2020 are presented in table 1.

Table 1.
Foreign direct investments in the economy of Ukraine and from Ukraine in 2014–2020, USD million (Rychka & Ilchenko, 2020)

Year	In Ukraine	From Ukraine
2014	53 704,0	6 702,9
2015	38 356,8	6 456,2
2016	32 122,5	6 315,2
2017	31 230,3	6 346,3
2018	31 606,4	6 322,0
2019	32 905,1	6 294,4
2020	38,8053	12,258

According to the State Statistics Service of Ukraine, the volume of FDI increased until 2014, but in 2014-2018 there is a decrease, and from 2019 there is a gradual increase. According to the cumulative total, as of January 1, 2020, the share capital of non-residents in Ukraine amounted to \$ 35,809.6 million (Direct foreign investments in Ukraine).

Accumulated foreign direct investment in the Ukrainian economy as of June 30, 2020 amounted to \$ 50311 billion (Direct foreign investments in Ukraine). Of these, equity participation instruments - \$ 38,053 debt instruments - \$ 12,258. The largest foreign investor in Ukraine is Cyprus. Companies registered in the whole country invested \$ 15.494 billion in Ukraine. In another place is Netherlands, the third –is Switzerland.

Table 2.
Major investor countries (Official website of State Statistics Committee of Ukraine)

	Country	USD, billion
1	Cyprus	15,494
2	Netherlands	10,261
3	Switzerland	3,083
4	United Kingdom	3, 054
5	Germany	2, 316

The largest investments came in industry, finance and insurance, real estate, trade, automotive and motor vehicle repairs, and the IT industry. The highest outflow of investments was in the sphere of Ukrainian industry - almost 1.6 billion dollars.

From the table 3 we can see that the most attractive sphere for investing is industry (mechanical engineering, metallurgical production, production of finished metal products, processing industry).

If we look at the regions of Ukraine, the largest outflow of investments was from Kyiv (53%), Dnipropetrovsk (11%), Kyiv (5%) and Donetsk (4%) regions.

Index of investment attractiveness of Ukraine on 2 quarter of 2020 is 2,4(of the 5 possible on the Likert scale). 78% of entrepreneur think that the current investment climate is unfavorable, 16% consider the investment climate as neutral and only 4% consider the investment climate as suitable (How many foreign investments came to Ukraine in 2020).

There are negative factors that affect investing climate: weak judicial systems (94%), high level of corruption (91%) and shadow economy (75%) (Ukrainian Investment Index).

Table 3.

Structure of foreign direct investment by types of economic activity (Official website of State Statistics Committee of Ukraine)

Types of economic activity	Structure of foreign investments as of January 1, % 2020
Industry	33,0
Wholesale and retail trade	15,8
Financial and insurance activities	12,7
Real estate transactions	12,5
Information and telecommunications	6,8
Professional, scientific and technical activities	6,2
Construction	2,9
Agriculture, forestry and fisheries	1,5
Other types of economic activity	8,6

Important directions of formation of a favorable investment climate in Ukraine today are (Marcel, 2019; Molotok, 2020; Nguedie, 2018; Pavlyk, 2020; Rychka & Ilchenko, 2020; Shkarupa, 2020; Singh, 2019; Taliento & Netti, 2020; Vasylyeva et al., 2018; Yelnikova & Barhaq, 2020; Yelnikova & Kuzior, 2020):

- promoting the development of science,
- active participation in international investment projects;
- infrastructure modernization
- structural reforms in the economy,
- determination of priority areas of the economy for investment and granting them benefits.

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