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FEATURES OF INVESTMENT BETWEEN UKRAINE AND GERMANY

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The article is devoted to the research of development investment between Ukraine and Germany. Based on the analysis of the dynamics of investment, revealed factors that negatively and positive impact on the investment relations and foreign investments moving from Germany to Ukraine and vice versa. Grounded recommendations and prospects for improving cooperation and improving the investment climate in Ukraine. Implementation of these measures will help to attract investment, increase production and profitability of enterprises.

Keywords: *foreign economic relations, export, import, investment, investment cooperation, investment climate, multilateral cooperation, economic growth, cumulative investment, entrepreneurs.*

Introduction. Among the most active partners of Ukraine are united Germany, its political role is determined not only by high and sustainable economic growth, and, above all, a stable financial position. Since Germany – a leading economic power in Europe, the third industrial power in the world that the volume of industrial production is second only to the US and Japan, great interest is the same aspects of foreign economic relations between Ukraine and Germany, as the further development of trade, investment and industrial relations with this country is economically attractive for the Ukrainian economy.

Analysis of recent researches and publications. The research investment between Ukraine and Germany engaged writers like Valion O., Lucas R. [8], Gibson H. [5], Kudryachenko A., Chekalenko L., Flissak K., Flissak A. [4], Kolomic A. demonstrated the development of foreign economic relations between Ukraine and Germany [7], Flissak A. said main factors that have a negative impact on the investment of German enterprises in Ukraine and hinder the expansion of investment cooperation between our countries [4], Cullas C. shows about German investment in Ukraine [3], Polyakova Y. and Pivtorak M. described the current state of foreign

economic cooperation Ukraine with Germany [9].

Previously unsettled problem constituent. Driving Dynamics investment between countries requires careful analysis, identifying the main obstacles in moving bilateral investment and solutions, as further development of investment relations with Germany is economically attractive for the Ukrainian economy.

Main purpose of the article. The aim of this article is an analysis of investment between Ukraine and Germany, namely the analysis of the movement of capital and investment processes and their further development.

Results and discussions. Germany was among the first countries in Europe, which is December 26, 1991 recognized the independence of Ukraine, and January 17, 1992 between the two countries established diplomatic relations. A month later, on February 17, Ambassador of Germany in Kyiv background Bassevitts presented his credentials and became the first foreign ambassadors in Ukraine, March 16, 1992 officially began work Ukraine embassy in Bonn. In Germany works department Embassy in Berlin [5].

The document regulating foreign economic relations between the two countries and the conditions of their collaboration began operating in 1993 and entitled «Joint Declaration on the foundations of relations between Ukraine and the Federal Republic of Germany» [6].

In trade relations very important forms of development of economic relations between countries are multilateral cooperation in the form of investment attraction [4]. Ukraine is interested in attracting investments in production and processing of agricultural products, technical re-equipment and metallurgical engineering. Quite important for Ukraine is attracting German investment in alternative energy sources in the electricity [7].

Wanting to deepen economic cooperation between the two countries, seeking to create favorable conditions for investments nationals or companies of one Contracting Party in the territory of the other Contracting Party, recognizing that the promotion and implementation of contractual protection of investments can stimulate entrepreneurial initiative and increase the prosperity of both nations in February 15, 1993 was Agreement between Ukraine and the Federal Republic of Germany on the promotion and protection of investments and ratified in October 11, 1994 [1].

As of 01.01.2013 the size of investments, which came from 130 countries to the economy of Ukraine Germany ranks second place, and the investment of the country is 6.3 billion. USD (Table 1) (11.6% of total) [10].

Table 1. Dynamics of FDI from Germany to the economy of Ukraine for the years 2006 -2013., Mln. USD

Period	2006	2007	2008	2009	2010	2011	2012	2013	2014
The volume of investments	5503	5578	5918	6393	6601	7083	7392	6317	5769
Dynamics	-	74,35	340,2	474,7	208,9	480,6	340,9	-1075	- 547
In% of total volume	32,7	25,8	20,0	17,9	16,5	15,8	14,9	11,6	11,9

Compiled by the author according to the State Statistics Committee of Ukraine

Since 2006, there was a constant increase in investments (Table 2), and during 2012 investments from Germany to Ukraine's economy declined by 1.1 billion USD.

As of 01.01.2014 p. in terms of investment, which came from 133 countries of the world economy to Ukraine, Germany ranks second with a total capital of 5.8 billion USD. The share of Germany's total investment amounted to 11.9%. Between January and September 2014 the cumulative investment from Germany fell by 352 million USD.

Reducing the cumulative volume of German investments in the first half 2014 was held in the following economic activities: Industry – to 224 mln. USD. US (to 5.0 billion USD) incl.: metallurgy – by 177 mln. USD. United States (to 4.4 billion USD), as well as enterprises in wholesale and retail trade – 85 mln. USD. United States (to 299 mln. USD); Engineering – 2.2 mln. USD (to 105 mln. USD); financial activities – 15 mln. USD (to 103 million USD).

Instead, this time held German capital inflow to the production of rubber and plastic products – 3.4 mln. USD. United States (to 309 mln. USD), transportation – 10 mln. USD (to 94 million USD).

According to the statistics in Ukraine, more than 4 thousand of the companies are with the initial capital involved from Germany [10].

Table 2. Dynamics of investment in the economy of Ukraine for Germany 2006 – 2013 gg., Ths. USD

Period	2006	2007	2008	2009	2010	2011	2012	2013	2014
The volume of investments	333	371	2474	2649	5224	9230	9020	9139	9407
Dynamics	-	37,9	2102,4	175,0	2575,2	4005,9	-210,0	118	268
In% of total volume	0,2	0,2	0,0	0,0	0,1	0,1	0,1	0,1	0,1

Compiled by the author according to the State Statistics Committee of Ukraine

Ukraine invests in German economy much smaller than the last. Total investment is growing significantly. In 2008, it increased to 2102.4 thousand USD compared to 2007. The sharp increase observed in 2010 [9].

As of 01.01.2014 p. Ukraine invested in the economy of Germany 9.4 million USD. During 2013 this figure increased to 268 thousand USD, while for 9 months in 2014 it decreased to 30 thousand USD. About 50% of Ukrainian investment directed to the industry in Germany.

Major investment from Germany to Ukraine's economy mainly concentrated in industry – 76% (5.3 billion USD) and in the finance sector – 16% (1.2 billion USD).

According to the State Statistics Committee of Ukraine amount Ukrainian Investment allocated to the business process industry (49%) and companies that operate in the transport and communication (3.3%) [10].

Thus, Germany is one of the most powerful investors for Ukraine. But if you compare the amount of investment from Germany to Ukraine with investments provided by Germany to other countries of the world, it is not high enough [2].

However, despite glowing initial overview it must be noted that in comparison to other locations in Eastern Europe the amount of German investment in Ukraine is still relatively low and has not lived up to the potential of the two countries' bilateral economic relations [4].

We analyzed and identified the main reasons for this: political instability, bureaucratic hurdles, legal uncertainties, and corruption are the main impediments to greater German investment just as their serve as barriers to the rest of the broader international community. German investors all too often complain of getting the impression that Ukraine loves the investments but not the investors.

Significant acceleration of solving these problems can guarantee not only the expansion of Ukrainian-German investment, trade and economic cooperation, but also create an overall favorable investment climate in Ukraine, creating a positive image of the state [11].

Further progress acquire connections between different cities of Germany and Ukraine. Such links are nearly 40 cities. There are many different forms of the German-Ukrainian associations, associations of immigrants from Ukraine, including Volyn, Galician and Bessarabian Germans [7].

German investors and merchants are used to compliance with laws and regulations and also expect this when doing business in Ukraine. Medium-sized companies also come to the Ukrainian market expecting to find structures similar to ones they are familiar with from their own domestic or other regional markets [8]. In Ukraine they quickly discover that many things considered self-evident elsewhere can prove difficult and time-consuming in a modern Ukrainian environment. A little patience and a pioneering spirit make things easier [3].

Conclusions and further researches directions. In summary, we can say that foreign economic relations between Ukraine and Germany are very successful, they rapidly developed since Ukraine's independence.

Each year investment relations are gaining more momentum. This contributed to

the dynamic growth of investment between countries. This means that in the near future, the two countries remain trading partners in Europe and will serve as a barometer or benchmark for other countries in the region regarding the possibility of fruitful cooperation and promote mutually beneficial relations with Ukraine.

This cooperation will contribute achieved a high level of understanding, common interests in building a peaceful and stable Europe, the desire of the two governments steadily, step by step walk approval rate stable partnership, mutual problem solving.

Providing many thousands of jobs, German companies are a significant source of employment throughout the Ukrainian economy. Because of its advantageous location and proximity to the EU, Ukraine is a particularly interesting place for German companies to do business: business trips can be easily scheduled to last a single day if necessary, while short delivery routes make integration in cross-border production cycles easier.

Entrepreneurs from the eastern part of Germany often enjoy a strong personal connection to the region and a familiarity with local business culture. In turn, industrial equipment from Germany enjoys a good reputation in Ukraine.

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**ОСОБЛИВОСТІ ІНВЕСТИЦІЙНОЇ ДІЯЛЬНОСТІ
МІЖ УКРАЇНОЮ ТА НІМЕЧЧИНОЮ**

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Стаття присвячена дослідженню розвитку інвестиційної діяльності між Україною та Німеччиною. На основі даних проведено аналіз динаміки інвестування, розкрито фактори, що здійснюють негативний та позитивний вплив на інвестиційні відносини та переміщення іноземних інвестицій з Німеччини в Україну і навпаки. Обґрунтовано рекомендації та перспективи щодо поліпшення співпраці та покращення інвестиційного клімату України. Реалізація зазначених заходів сприятиме залученню інвестицій, зростанню обсягів виробництва та прибутковості підприємств.

Ключові слова: *зовнішньоекономічні зв'язки, експорт, імпорт, інвестиції, інвестиційне співробітництво, інвестиційний клімат, багатостороннє співробітництво, економічний ріст, сукупний обсяг інвестицій, підприємці.*

**ОСОБЕННОСТИ ИНВЕСТИЦИОННОЙ ДЕЯТЕЛЬНОСТИ
МЕЖДУ УКРАИНОЙ И ГЕРМАНИЕЙ**

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Статья посвящена исследованию развития инвестиционной деятельности между Украиной и Германией. На основе данных проведен анализ динамики инвестирования, раскрыты факторы, которые оказывают негативное и позитивное влияние на инвестиционные отношения и перемещения иностранных инвестиций из Германии в Украину и наоборот. Обоснованы рекомендации и перспективы по улучшению сотрудничества и улучшения инвестиционного климата Украины. Реализация указанных мероприятий будет способствовать привлечению инвестиций, росту объемов производства и прибыльности предприятий.

Ключевые слова: *внешнеэкономические связи, экспорт, импорт, инвестиции, инвестиционное сотрудничество, инвестиционный климат, многогранное сотрудничество, экономический рост, совокупный объем инвестиций, предприниматели.*