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ADVERSE INFLUENCE OF INVESTMENT CLIMATE ON INVESTMENT ATTRACTIVENESS OF UKRAINE

Abstract. The article deals with the main directions of state regulation of the investment climate in Ukraine, the question of becoming an investment attractiveness and investment climate. The analysis of dynamics of volume of direct foreign investments in the Ukrainian economy has been made, which made it possible to assess the investment climate of Ukraine at the present stage of development, to determine the reasons that cause an unfavorable investment climate and restrain economic development of the country. It was established, that investment resources are called to influence the economy and social sector of the country to transform it into an international space by searching for new sources of such resources for ensuring perspective development of Ukraine.

The main factors influencing the investment climate and the reasons for the reduction of investment flows into the Ukrainian economy are analyzed and the problems encountered by the foreign and national investors are analyzed.

It was emphasized, that effective development of industries of Ukrainian economy has a perspective in involving foreign investment resources and forming of the favorable investment climate. The attention was drawn to the fact, that the absence of subsequent reforms prevents the industries from involving the necessary investment into the durable production assets and for improving management skills with an aim to enhance the performance of production facilities.

The index of investment attractiveness according to the version of the top managers of member companies of the European Business Association is analyzed.

The investment attractiveness of Ukraine at the present stage of development was assessed. It was mentioned that slowness of social and economic reforms, ineffective tax policy, high credit rates in financial and credit establishment, annexation of Crimea and military action in the Eastern Ukraine, bureaucracy in making administrative decisions, illegal trafficking and presence of “shadow” economy in the country — all these are problems, which deteriorate the investment climate in Ukraine and degrade its investment attractiveness.

The article determines the ways of solving problems connected with the containment of investment development and proposes directions of improvement of the investment climate.

Keywords: investments, foreign direct investment, investment activity, investment attractiveness, investment climate, investor countries.

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НЕСПРИЯТЛИВИЙ ВПЛИВ ІНВЕСТИЦІЙНОГО КЛІМАТУ НА ІНВЕСТИЦІЙНУ ПРИВАБЛИВІСТЬ УКРАЇНИ

Анотація. Розглянуто основні напрями державного регулювання інвестиційного клімату в Україні, питання становлення інвестиційної привабливості та інвестиційного клімату. Проведено аналіз динаміки обсягу прямих іноземних інвестицій в економіку України, що дало можливість оцінити інвестиційний клімат України на сучасному етапі розвитку, визначити причини, що зумовлюють несприятливий інвестиційний клімат і стримують її економічний розвиток. Визначено, що інвестиційні ресурси покликані впливати на економіку і соціальний сектор країни з метою її трансформації в міжнародний простір шляхом пошуку нових джерел залучення цих ресурсів для забезпечення перспективного розвитку України.

Проаналізовано основні фактори, які впливають на інвестиційний клімат, і причини зменшення інвестиційних потоків в економіку України, виокремлено проблеми, з якими зіштовхуються іноземні і національні інвестори. Наголошено, що ефективний розвиток галузей економіки України має перспективу в залученні іноземних інвестиційних ресурсів та формуванні сприятливого інвестиційного клімату інвесторам. Акцентовано, що брак послідовних реформ заважає секторам економіки в залученні потрібних інвестицій в основні засоби виробництва і поліпшенні управлінських навичок для підвищення ефективності виробничих потужностей.

Проаналізовано індекс інвестиційної привабливості за версією топ-менеджерів членських компаній Європейської бізнес-асоціації. Оцінено інвестиційну привабливість України на сучасному етапі розвитку. Зазначено, що повільні темпи соціально-економічних реформ, неефективна податкова політика, високі ставки кредитування фінансово-кредитними установами, анексія Криму і воєнні дії на Сході України, бюрократія в ухваленні управлінських рішень, контрабанда, наявність тіньового сектору економіки — усе це є проблемами, які впливають на погіршення інвестиційного клімату в Україні та її інвестиційну привабливість.

Визначено шляхи розв'язання зазначених проблем і запропоновано напрями поліпшення інвестиційного клімату.

Ключові слова: інвестиції, прямі іноземні інвестиції, інвестиційна діяльність, інвестиційна привабливість, інвестиційний клімат, країни-інвестори.

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НЕБЛАГОПРИЯТНОЕ ВЛИЯНИЕ ИНВЕСТИЦИОННОГО КЛИМАТА НА ИНВЕСТИЦИОННУЮ ПРИВЛЕКАТЕЛЬНОСТЬ УКРАИНЫ

Аннотация. Освещены особенности инвестиционной привлекательности в современных условиях. Проанализированы иностранные инвестиции в экономику Украины, что дало возможность оценить инвестиционный климат, определить причины, обуславливающие неблагоприятный инвестиционный климат, сдерживают экономическое развитие страны. Предложено направления (пути) улучшения инвестиционного климата.

Ключевые слова: инвестиции, прямые иностранные инвестиции, инвестиционная деятельность, инвестиционная привлекательность, инвестиционный климат, страны-инвесторы.

Формул: 0; рис.: 1; табл.: 1; библи.: 20.

Formulation of the problem. One of the strategic priorities of any country is ensuring high rates of economic development and raising the standard of living of the population. Effective ways to achieve this goal are to attract foreign direct investment (FDI) in sufficient volumes. In addition, foreign investment is an important element in the further development of the foreign economic relations.

Investments affect on the country's socio-economic development and shape its investment climate. In developing countries, 1% increasing in foreign direct investment leads to an additional increasing of income per capita by 0.8% [1]. Therefore, the main task of public administration bodies should be to improve the investment climate by enhancing financial revenues, accumulation of investment resources and their concentration on the priority directions of economic development.

Analysis of recent research and publications. Many foreign and Ukrainian scholars are investing in research, such as B. Hubsnyi, M. Chumachenko, A. Stepanenko, S. Kadochnykov, N. Kovtun, T. Mayorov, I. Malyi, A. Peresada, J. Keynes, M.

The following scientists have made a significant contribution to the study of this problem both from a theoretical and a practical point of view: I. Blank, Ye. Boyko, P. Haidutskyi, V. Heyets, B. Danylyshyn, M. Denysenko, V. Zahorskyi, V. Kravtsiv, A. Rumiantsev, I. Tkachuk, V. Fedorenko and others. In the writings of scientists the peculiarities of definition of strategic goals, directions of activation of the process of attraction of investments, the current state of foreign investment in Ukraine are described. However, a significant number of studies do not take into account the dynamics of indicators, trends of investment inflows in certain regions of Ukraine in order to improve its investment climate.

In the further transformation of Ukraine's economy into the international space, it is important to find new directions of attracting investment resources in order to ensure its long-term development. Havryliuk O.V. studied the issues of forming the investment image and investment attractiveness of the Ukrainian economy in his works [2], the direction of improving the investment climate in Ukraine was determined by Maliutin O.K. [3], Ukraine's assessment of the level of investment attractiveness was considered by N.A. Marchenko [4].

The investment climate is defined as the set of economic, social, political and legal factors that determine the state of the investment process. Some of them are negative, others — have a positive influence on the formation of an investment climate, may exist permanently or temporarily [6].

The basic law regulating investment activity in Ukraine is the Law of Ukraine «On Investment Activity» dated 18-09-1991 No.1560-XII, which guarantees the protection of the rights, interests and property of the subjects of investment activity, establishes the general conditions and procedure of the state regulation of investment activity. The law determines the financial security of investments by identifying sources of investment financing [5].

The features of foreign investment are defined in the Law of Ukraine «On the regime of foreign investment» of March 19, 1996, No. 93/96-VR. The guarantees of the protection of the rights of foreign investors are enshrined in the Law of Ukraine «On Protection of Foreign Investments in Ukraine» of 10.09.1991, No. 1540-a-XII. However, the legislation on foreign investment does not regulate the protection of investors from non-commercial risks, constant changes in taxation of foreign trade, low efficiency of regulation of the stock market, imperfect currency regulation.

Investment attractiveness is studied by individual domestic scientists. In particular, Z. Kotliar, M. Akimov consider investment attractiveness as the «distribution of actual volumes of attracted investments in the region.» K. Titov under the investment attractiveness understands the «establishment of a stable cumulative economic effect of production and economic activity»; S. Gutkevich — as «an integral set of criteria of the reality of conditions and factors that ensure the interest of investors in investing capital» [7].

As a rule, it is said about Ukraine to be a country with enormous potential, but not realized in its full scope. Among the many factors that determine the attractiveness of the country, a short list can be grouped according to the IMF's research, which identified the following criteria: political stability; macroeconomic situation in the country; the level of taxes and corruption; level of

investment protection; level of crime; state regulation and permit system; human resources; judiciary; regulation of labor relations; access to land resources, etc.

The main three criteria in developing countries are the political situation, the macroeconomic situation and the tax system. Among the reasons why Ukraine has not yet taken advantage of its potential, the regulated and «unfriendly» business environment and unfavorable investment climate are called [20].

The investment attractiveness index is considered unfavorable by interviewing executives of companies operating in the financial market of Ukraine. The war between law enforcement agencies against entrepreneurs, the war between the entrepreneurs themselves, the war in court to protect their rights, the war against corruption schemes in the country — that's what «war» scares investors. We have raider attacks, unfair competition, and the vulnerability of businesses — these are the usual phenomena. Foreigners do not want to invest money here, because they have no confidence that nobody will come to them in masks tomorrow and will not take their business. They are not sure that if this happens, law enforcement agencies will protect them, because their established schemes everywhere [8].

The «Transparency International» Corruption Index estimates the corruption of 177 countries and territories through a survey of specialists (12 institutions, including the World Bank), including in Ukraine. According to the poll results in 2013, 43% of Ukrainians said that corruption had spread to Ukraine in the past two years, 47% believe the government of Ukraine worked exclusively in the interests of financial and industrial groups, and 37% believed that the government's actions on combating corruption were ineffective. The main centers of corruption in Ukraine were the judicial system (87%), the police (84%), public figures and civil servants (82%), the Verkhovna Rada of Ukraine (77%) [9].

A small amount of investment in Ukraine is a key indicator of an unfavorable investment climate. Due to the difficult conditions for investment and business development, investors tend to bypass Ukraine's attention when it comes to thinking about where to send their money and to choose less regulated and more predictable environments [10].

The fall in investment attraction in Ukraine in recent years has reached a dangerous scale. Without them, the country's economy is waiting for further recession and technological decline. Ukraine will continue to «pluck» in the tail of the investment world, as long as such things will happen and no one be punished. For instance, for the attractiveness of the tax system, we generally occupy one of the last cities in the world: 133 of 138 (according to the Global Competitiveness Report 2016-2017). And state statistics — it also shows this clearly [8].

According to the State Statistics Service, in 2017 1,6 billion dollars were invested to Ukraine by foreign investors from 76 countries of the economy, which is the smallest indicator in the last eight years.

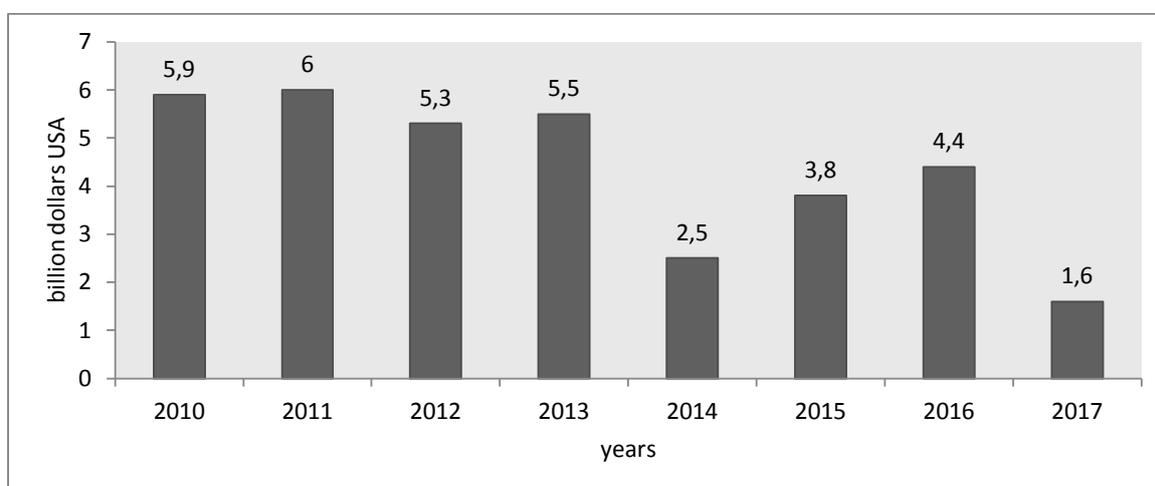


Fig. 1. Volume of direct investments into the Ukrainian economy, billion dollars. USA*

* drawn on the data of the State Statistics Service of Ukraine [11]

Investments are diverted into already developed areas of economic activity.

As of December 31, 2012, the most significant volumes of direct investment income were directed to institutions and organizations engaged in financial and insurance activities — 26.1% and industrial enterprises — 27.3%.

Significant amount of attraction of foreign investments into the economy of Ukraine was 2012 (\$ 5.1 billion). This is the year of holding «Euro 2012» in Ukraine, so there were a lot of people willing to invest in the development of infrastructure, sports facilities, hotel and restaurant business and other objects.

The peak infusion in 2013 amounted to 58156,90 million USD. During 2010-2013, there was a positive dynamics in the inflow of foreign direct investment. Thus, in 2013, the growth rate of investment amounted to 130% compared to 2010. Starting in 2014, a steep decline of 26.66% and 34.1% as of 2015 compared to 2013 began in 2014 [13].

In 2014, there was a reduction of FDI by 12240.90 million USD 45916.00 million USD. In early 2015, the investment flow was reduced to 43,371.40 million USD, but large-scale changes in the political environment, the adoption of new laws is returned to foreign investors, and in 2016 investments amounted to 44 790.70 million USD, which is 1419.30 million USD. The United States is more than in 2015. In 2016, revenues and increase in direct foreign investment are expected to be 3.27% compared to 2015 [13].

In 2010-2016, investments came from 133 countries of the world. The number of countries that invested capital in the economy of Ukraine as of January 1, 1996 was 94, at the beginning of 2013 it was 128. The main investor countries include Cyprus — 25.6%, the Netherlands — 16.1%, the Russian Federation — 11.7%, Great Britain — 5.5%, Germany — 4.6%, Virgin Islands — 4.1%, and Switzerland — 3.9%, which accounts for over 81% of the total direct investment in the Ukrainian economy. [12]

According to the State Statistics Service of Ukraine, in the beginning of 2017, the economy of Ukraine was sent 37325.0 million USD of direct foreign investments (see table 1).

If we compare Ukraine's growth potential with global forecasts, it can be argued that the country will become potentially interesting for investors if it is able to adopt a policy of conducting reforms to facilitate business conduct, create maximum transparency conditions and support investment.

The ranking of the competitiveness of the world's economies determines their investment attractiveness, which is important in shaping the investment climate of the country. In world practice competitiveness is considered from three main points [13]:

1. at the macro level – the ability of state economic entities to compete in commodity markets;
2. the meso-level – the ability of the sectors of the economy to compete in the regional and world markets;
3. at the macro level — the position of the national economy in the world market.

Table 1

The direct foreign investments into the Ukrainian economy for 2010-2017 (million USD)*

As of	Total		Including from			
	amount	Growth rate,%	UN countries	Growth rate,%	Other word's countries	Growth rate,%
01.01.2010	39175,7	-	311214,4	-	7961,3	-
01.01.2011	43836,8	11,90	34929,1	11,90	8907,7	11,89
01.01.2012	48991,4	11,76	39588,8	13,34	9402,6	5,56
01.01.2013	53679,3	9,57	42632,4	7,69	11046,9	17,49
01.01.2014	57056,4	6,29	43911,4	3,00	13145,0	18,99
01.01.2015	45744,8	-19,83	35592,4	-18,94	10152,4	-22,77
01.01.2016	43371,4	-5,19	33042,3	-7,16	10329,1	1,74
01.01.2017	37325,0	-13,90	22435,3	-32,1	14889,7	44,2

*drawn on the data of the State Statistics Service of Ukraine [11]

Other economic indices and ratings of the investment climate of the states are also common. In particular, the ratings of the World Economic Forum, the Harvard Business School's digital scale

(US), Fortune (USA) and economist magazines (England), the investment attractiveness assessment methodology developed by the Bank of Austria, the rating of the investment climate of the states determined by the Institute of Management in Lausanne, etc [14].

The investment climate assessment methods used in Ukraine have certain disadvantages, in particular:

- a lot of methods borrowed from foreign authors, aimed mainly at financial, rather than real investment;
- borrowed methods that relate to real investment, designed for a stable economy, where all economic laws are clearly manifested and not adapted to the real economic situation in Ukraine;
- most of the methods are based on the analysis of unsystematic sets of indicators of the financial state of the enterprise, that is, it has a retrospective character, while investors are interested in the results of future activities;
- many methods are based on expert judgment and have the nature of uncertainty, because they reflect the subjective opinion of experts.

Thus, one can state:

1. international ratings are effective tools for eliminating information asymmetry, and a large number of ranking techniques allows an investor obtaining information on all aspects of the investment attractiveness of the state;
2. places in the ratings form the image of the state, and ignoring the results of ratings can lead to financial isolation of the state;
3. the position taken by Ukraine in various international ratings forms the unsightly image of the state;
4. information on rating methodology is, in most cases, transparent, so domestic state institutions have the opportunity to influence future ratings when appropriate reforms [15].

According to the State Statistics Service of Ukraine, the volume of investments in our country grew to the crisis of 2008-2009 and amounted to about 9,900 million USD. However, this trend declined to a decline in 2010 and did not rebound in 2015 and 2016, respectively. The amount of direct investments per capita in Ukraine in 2010 amounted to 142 USD. The US is less than in Russia (\$ 290), Armenia (\$ 186), Kazakhstan (\$ 610) [11].

In 2017, the investment attractiveness index reached Ukraine's historic peak in the last six years and was 3.15 points on a five-point scale. This is evidenced by a survey conducted by the European Business Association among its members. The last time the index marker crossed the boundary into three points at the end of 2011. Negative mood of businessmen surveyed by the Association did not disappear and were named such as: slow pace of reforms; high lending rates; conflict in the East of Ukraine; bureaucracy; control; shadow economy. Positive changes were called: openness to government data; simplifying the procedure for obtaining permits; moratorium on verifications; weakening of currency control; adoption of the law on squeeze-out, etc [16].

The lowest value of the index of attractiveness was recorded in 2014 and at the beginning of 2015 (in January-February 2015 it was 2.51 points), which is largely due to political instability in Ukraine, its economic downturn and hostilities on Eastern Ukraine.

Preparation for the signing of the Association Agreement between Ukraine and EU led to an increase in the investment attractiveness index in the 3rd quarter of 2013 after almost two years of stable low expert evaluations. The fact that these business expectations did not materialize has led to a significant further decline in the index in the 4th quarter of 2013 to the lowest level in its history, its measurement — to 1.81. Nevertheless, the failed negotiations on signing an agreement on the Association of Ukraine with the European Union have become a significant cause of a decline in investment activity. It was with these talks that many entrepreneurs linked a new era in business with foreign partners. The list below is a traditional problem for most of the post-Soviet space — corruption and pressure. Closes the three problems — the lack of changes to the best.

The impact of the revolutionary events in Ukraine at the end of 2013-2014 on the investment climate can be estimated in different ways. At the end of 2013, investment activity declined significantly [16]. However, in the long run such radical changes in politics and administration of

the country, will significantly increase the interest in the economy as a whole. During the revolution, interest in events in Ukraine has increased significantly. The New York Times, Washington Post, and other leading world editions have published a wealth of material on events in Ukraine. Such turbulent events were intensively debated at all levels, in most countries of the world.

The end of 2010 and the beginning of 2011 were the most favorable for investment. Beginning with the end of 2011 there is a decline in investment activity, which can be linked to the effects of the global financial crisis.

A small volume of investment in Ukraine is a key indicator of an unfavorable investment climate. Due to the difficult conditions for investment and business development, investors tend to ignore Ukraine's attention. Ukraine's uncertainty about the investment climate limits investors' enthusiasm and oppresses its true investment potential.

The combination of high inflation and a drop in GDP of almost 15% in 2009 made investors re-weigh their opportunities in Ukraine. Liquidity, although it is improving, is also a source of concern for investors, because the resumption of corporate lending by banks is very slow and cautious, limiting the opportunities of both investors and their local partners to start their business. Regarding the business climate, corruption, delays in customs and delayed VAT returns have become even more threatening challenges in 2010-2011 [13].

Of course, the situation in Ukraine is rather complicated, and after the crisis of 2008-2009, the current crisis does not contribute to strengthening the economy. According to the latest EBRD forecast, Ukraine's GDP is projected to decline by 9% in 2014 and 3% in 2015. However, if you look at the consequences of the crisis, Ukraine has a unique chance to become one of the most attractive developing countries for investment in the coming years [11].

According to world forecasts, it can be argued that Ukraine can become potentially interesting for investors if it is able to overcome the current crisis and take a course on reforms and business simplification, creating the conditions for maximum transparency and investment support. The growth of the world economy in 2014 (compared with 3% in 2013) was 3.7% and increased to 3.9% in 2015. At that time, the growth rate in the US increased from 1.9% in 2013 to 2.8% in 2014. According to the IMF in the euro area, the growth rate has increased from 1% in 2014 to 1.4% in 2015. Growth rates were significantly lower in countries in Europe that were in financial difficulty — Greece, Cyprus, Spain, Italy, Portugal. In developing countries, the economy grew to 5.1% in 2014 and 5.4% in 2015. The largest among such countries is India and China [17].

The fall in GDP in 2014 there was a fairly significant as predicted European Bank for Reconstruction and Development (EBRD) and was fixed in 2015, Ukraine in the post-crisis period is at least restore their performance, and therefore show growth rates in 2016 and 2017 respectively. However, such forecasts did not materialize in today's political, financial and economic situations and hostilities in eastern Ukraine. In addition, one should look at the structure of Ukraine's trade balance. Energy imports are in the first place in the structure of imports — it is 21.8 billion dollars. The United States, later — the chemical industry — is \$ 9.9 billion dollars, and agricultural products (agro-industrial complex) — 8.2 billion dollars [17].

The development of these industries in Ukraine has an extraordinary prospect and can attract large investors. With regard to the development of the foreign economic vector of Ukraine's activity, the largest share — more than a quarter — in the structure of Ukrainian exports accounts for APK products — 17 billion dollars. The country has the necessary natural conditions for the development of this sector of the economy, a favorable climate, extremely fertile soils, an advantageous geographical location, to become one of the leading agricultural producers and exporters in the world. Despite all this, the agrarian sector of Ukraine still does not realize its potential, and agriculture has not become a significant sector of economic growth of the country. The lack of systemic reforms prevents the sector from attracting the necessary investments in the main means of production and improving managerial skills essential for increasing the efficiency of agricultural production and the realization of its production potential. The settlement of problems in the macroeconomic and investment climate is a practical significance not only for Ukraine's purely national interests but also in the global context [17].

In spite of total price increase in food prices, worsening the already difficult situation of the world's poor, Ukraine is one of the few countries with sufficient resources to substantially increase food production. Thus, Ukraine can have a decisive influence on the promotion of food security in the world, while at the same time earning significant profits in the form of economic growth, revenues from exports and rural development, while strengthening its credibility in international markets [18].

Taking all of this into account, the crisis of the recent years makes Ukraine weak in the modern sense, however, it is one of the most promising investment projects in the medium and long term. Our country's task is to take advantage of this opportunity, to create all the prerequisites for a favorable investment climate and to ensure the growth of the economy both through the development of the domestic market and by expanding the export potential [10].

According to estimates of both domestic and foreign economic actors, the investment climate in Ukraine remains unfavorable. Numerous domestic and foreign researchers have highlighted the main reasons for the unfavorable investment climate in Ukraine and hinder economic development: instability of Ukrainian legislation, excessive regulation of most markets, underdevelopment of market infrastructure, in particular the stock market, high tax pressures, bureaucracy and corruption in local and central authorities.

The investment projects involving foreign investments, for the realization of which investors claim to receive additional benefits and guarantees, must be represented only by «honest» investments and belong to the priority areas of socio-economic development established by the state strategy, in particular:

- to promote the creation of new jobs at the enterprises in which investments are made, and in the economy of Ukraine as a whole;

- to focus on the rational use of the raw material base of Ukraine and the reduction of dependence on imports;

- to promote development of export potential, technological and innovative development of the country, introduction of modern resource-saving and environmentally sound technologies;

- to mitigate inter-branch and inter-regional disproportions in Ukraine's domestic markets.

Special measures to stimulate the inflow of foreign investment should include:

- reduction of taxation of enterprises with foreign investments in excess of a certain amount of investments, increase of employment;

- introduction of more rigid regulation of the process of repatriation of capital;

- development of the practice of providing guarantees for foreign loans and insurance of risks by commercial banks and their associations through the creation of appropriate infrastructure for this purpose;

- development of effective mechanisms of public control over the consequences of foreign investment, invested in preferential terms, compliance with investment obligations. Introducing the personal responsibility of government officials for timing and directions of the use of foreign investments in which privileges were granted, as well as wide informing about this to the public;

- making constant efforts to strengthen the international image of the country, widespread dissemination of information about its production, technological, resource potential and investment perspectives.

The application of the above-mentioned conceptual provisions should help to establish a partnership between the Ukrainian state and foreign investors, transform them into a mode of economic pragmatism and a conscious mutual respect of economic interests, values and priorities [16].

At the present stage, structural reforms have been carried out in Ukraine that have helped to improve investment attractiveness, relieve debt burdens and improve the position on foreign markets.

In the Doing Business 2018 rating, Ukraine has risen to 4 positions and ranked 76th out of 190 countries. The best indicators of Ukraine were demonstrated by the component of «obtaining

construction permits» — by 105 positions and moved from 140 to 35. According to the "payment of taxes" for the reduction and unification of the single social contribution — by 41 point.

It should also be noted that in the ranking of Moody's Investors Service, Ukraine has improved its credit rating in the international economic list from «stable» to «positive».

In addition, in the Global Competitiveness Index 2017-2018, Ukraine improved its position by 4 points and ranked 81st out of 137 countries surveyed [19].

To further improving of the investment climate, the issue of improving the legal and organizational framework for ensuring a favorable investment climate and enhancing the competitiveness of Ukraine's economy is currently relevant. In this direction, certain positive steps have already been taken, in particular:

1. The national regime of investment activity is applied to foreign investors in Ukraine, that is, they are given equal conditions for their activity with domestic investors.

2. To enhance the protection of foreign investments, the Law of Ukraine of March 16, 2000 No.1547 ratified the Washington Convention of 1965 on the procedure for resolving investment disputes between States and foreigners.

3. Intergovernmental agreements on promotion and mutual protection of investments with more than 70 countries of the world have been signed and ratified by the Verkhovna Rada of Ukraine.

4. The Law of Ukraine No.1390-VIII dated May 31, 2016 was adopted. «On Amendments to Certain Legislative Acts of Ukraine Concerning the abolition of the State Registration of Foreign Investments», which regulates the simplified procedure for attracting foreign investments and make it impossible to manifest signs of corruption in their state registration.

6. On 23.05.2017 the Law of Ukraine «On Amendments to Some Legislative Acts of Ukraine on Eliminating Barriers to Attracting Foreign Investment», which regulated the procedure to permit the employment of foreigners easier to attract foreign skilled workers in the early stages of a subsidiary in Ukraine [19].

In order to deepen cooperation between the Organization for Economic Cooperation and Development (OECD) and the Government of Ukraine, a Memorandum of Understanding has been signed, according to which Ukraine has acceded to the OECD Declaration on International Investments and Multinational Enterprises (hereinafter referred to as OECD Declaration).

The integration of Ukraine into the OECD Declaration on International Investments and Multinational Enterprises and membership in the OECD Investment Committee will provide the following significant benefits for the country, in particular:

- will testify to the introduction by Ukraine of international standards of investment activity;
- will facilitate the attraction of foreign direct investment by eliminating restrictions on sectors in which foreign investment is prohibited and the provision of a national regime for transnational corporations (hereinafter referred to as TNCs) in accordance with the system of development of international standards in the regulation of TNC relations with the countries that host their investments;

- will facilitate the improvement of the competitive environment and influence on the introduction and dissemination of innovations;

- will facilitate the implementation of the principles and standards of corporate social responsibility in accordance with the OECD guidelines for responsible business [19].

The public-private partnership (PPP) is the determining form of cooperation between public and private partners. Ukraine has established a legal framework for investing and developing public-private partnerships.

The introduction of the PPP mechanism will promote the implementation of state policy oriented towards international standards and increase the social standards of living of the population.

As of January 1, 2018, 191 agreements have been concluded in Ukraine on the basis of public-private partnership, of which 182 projects (157 concession agreements, 24 joint activity agreements, one public-private partnership agreement) are implemented, and 9 contracts are not implemented (4 contracts — expired, 3 contracts — torn, 2 contracts — suspended). The largest

number of projects are implemented in such spheres of economic activity as waste treatment and collection, purification and distribution of water, respectively 64.7% (116 projects) and 21.4% (39 projects) of the total number of projects [12].

Conclusions. Thus, the improvement of the investment climate requires effective cooperation with investors, requires the implementation of daily reforms.

To create a supportive business environment, raising investor confidence in protecting capital is key areas to tackle corruption, protect property rights, increase transparency of property registers, liberalize repatriation of profits, create anti-corruption courts, etc. Reform the existing judicial system.

Investors' optimism and macroeconomic stabilization are important achievements of the country in 2017. It is a good time for investors who can still get high profits on a risky Ukrainian market, but at the same time see the prospects for the country's development, protect their investments and have the chance to become the first in the country's market, which has steadily risen to a path of growth and transparency. However, without constant movement towards the reforms, investors' expectations may again remain unfulfilled [12].

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