

Investment Competitiveness Factors of Ukraine

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Abstract

The article deals with the main parameters of the investment competitive advantages of Ukraine. This makes it possible to find ways to improve the investment climate in the country. The following conclusion has been made: they are not sufficiently developed in qualitative terms and this leads to low competitiveness of Ukraine as the country that wants to attract investment.

Key words: investment climate, investment, competitiveness factors, economic growth

Formulation of the problem

The concept of the investment climate describes the situation that has arisen in one or another country (region, sector) in relation to investments that may be brought to this country (region, sector) (Blank, 1995). The main factors that may relate to the potential of the country are as follows: natural resources; quality of labor; level of infrastructure development; country's external debt; status of the financial sector in the economy; macroeconomic stability; legislation; tax system; customs control; state administration and political stability; the level of corporate management; the level of corruption; policies of local authorities; openness of the economy.

To characterize the modern investment climate in Ukraine it's reasonable to study its main constituent factors in detail. The detection of problem areas in the investment development of the country will help to create ways to improve the investment climate of Ukraine and to increase the volume of investments in its economy.

Analysis of recent publications and research

Research works of Y.Blank, L.Borsch, P.Gaydutsky, V.Geyts, B.Gubsky, M.Datsyshyn, O.Kozak, V.Komarov, V.Lanovoy, A.Mertens, A.Peresad, A.Pehnik are devoted to the vital questions of formation and improvement of the investment climate of Ukraine. At the same time the problems of policy priorities of formation of positive investment climate are very diverse and multi-aspect, they require further investigation and the search for solutions.

Formation of the purpose of the article

The opportunities for stable economic growth and changes of the current situation of the country in the world markets basically depend on the way of solving the problem of improvement of the investment competitiveness. The purpose of the article is to learn the basic factors, constituents of the investment climate of Ukraine and to develop proposals for ways of improvement of the investment climate of the country and increase in the volume of investments in national economy.

Presentation of the basic material and grounds of the obtained results While studying the basic factors of the investment climate we will make the implementation of measures in the specific sequence which includes the following steps:

1. *Natural resources.* The country has a sufficiently large number of mineral resources. Ukraine has more than 90 kinds of mineral raw materials (more than 8,000 deposits) of commercial value. Although oil resources are almost exhausted in the country, other important sources of energy are available, such as coal, natural gas, hydropower and nuclear fuel resources.

Ukraine has ferrous metals; it produces iron, steel, pipes. Ukraine is one of ten prominent steel manufacturers in the world. The chemical industry is another important sector of the country. It includes the production of coke, mineral fertilizers and sulfuric acid. The country is in the first position in the granite resources (45 percent of the world resources), Ukraine produces 40 percent of manganese ores.

The approximate cost of the explored resources of raw materials is estimated at the cost of \$7 trillion. Every year geologists prepare industrial resources of minerals approximately at the cost of \$60 billion, and the mining industry is able to produce the commercial output amounting to \$ 20 billion (Shlemko, Binko, 1997).

56 percent of the territory of Ukraine is adapted for agricultural purposes and comprises one third of the world's black soil.

It should be noted that Ukraine has significant recreational resources (the Crimean and the Carpathian Mountains), where the long-term tourist industry is gradually being formed.

It cannot be ignored that the country's mineral wealth is not sufficient for the production support. The efficient use of natural resources remains at a low level: only 12 percent of the mineral raw materials is put into production, compared with 60 percent in Western countries (Shlemko, Binko, 1997).

Thus, the competitive advantages, connected with the supply of natural resources to the national economy, are levelled by inefficient use.

2. *Human resources.* Human resources of the country are sufficient (quantitatively) to satisfy the demand of national economy for labor force. The part of economically active population in 2010 made up more than 63 percent (22, 05 million people) (www.ukrstat.gov.ua).

But Ukrainian employers do not create any conditions to raise the professional level of their staff. "Neither do the employees show any initiative, as there is no correlation in getting income", - announces the chief of the department of Ukrainian NAN (National Academy of Sciences) L. Lysohor (<http://recruiting.net.ua>).

In all spheres of economy the qualification was proved only by 8, 6 percent of employees during 2011. Besides in the sphere of industry this index was 13, 5 percent, and joining the new professions - 5 percent.

The quality of the domestic labor force is being reduced gradually as a result of a number of economic and administrative reasons. The part of economically active population is deprived of the opportunities to change their working places because of the lack of money needed to move to other regions and to buy dwellings there. It limits the shifting of human resources inter branches and regions.

3. *The level of infrastructure development.* The effective transport infrastructure is the catalyst of economical growth of Ukraine. The transit potential in Ukraine is not sufficiently used (as it is the cargo traffic between Russia and Europe through Belarus is 5 times greater). As a result of this the new working places are not created and the budget receives less additional receipts.

Ukraine ranks 12th among 155 counties according to the index of logistics effectiveness (for example Romania ranks 59th, Poland – 30th).

The negative phenomenon in the sphere of infrastructure in Ukraine is the lack of budget financing (30 percent of expenditures of the average level of infrastructural expenditures in other countries) (Programma ekonomichnyh reform, 2009). All this results in considerable wear of fixed assets which makes more than 80 percent in the certain means of transport.

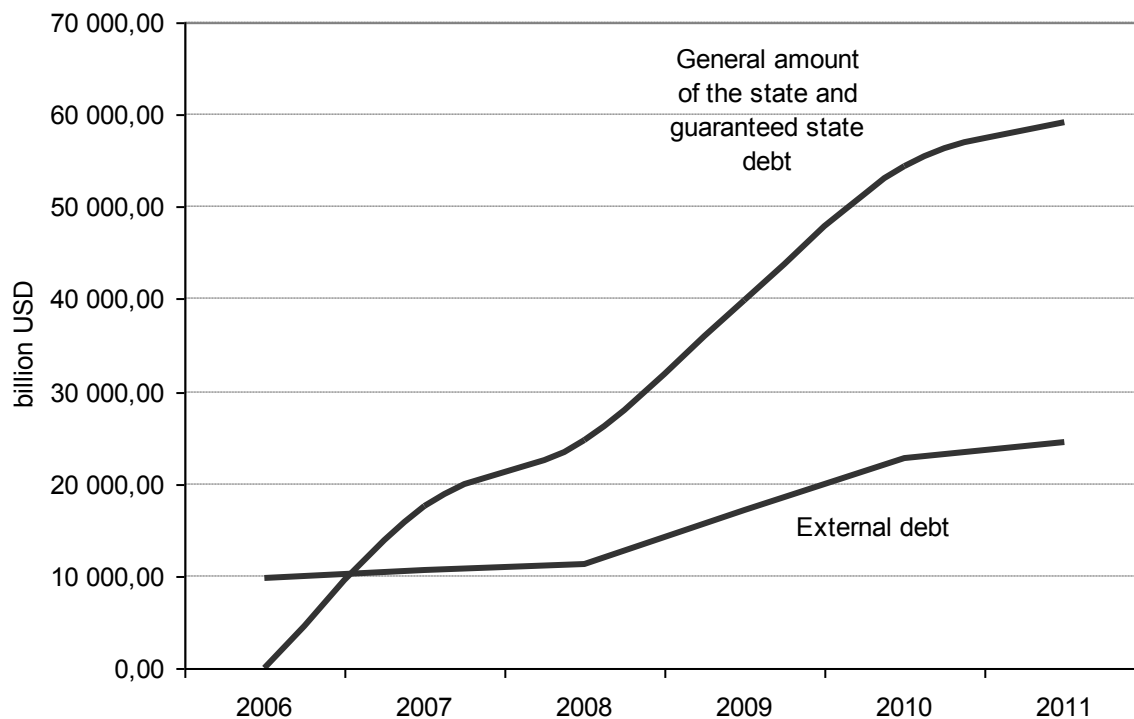
According to the development of telecommunication services the Ukrainian market demonstrates one of the lowest levels of development. In accordance with ComNews Research assessment the income rate in 2010 halved as compared with 2008 (http://www.comnews-research.ru/ds_nwmg/files/55/CNR).

The main obstacles in the market of telecommunication services of Ukraine remain the lack of free broadcasting resource, inconsequence in regulation, complicated bureaucratic procedure of business legislation and legalization.

Thus modern domestic infrastructure does not entirely meet the requirements of national economy at the present stage of its development.

4. *External debt.* The question of management of state external debt is in the spotlight in Ukraine in recent years. It was caused by the rapid influx of foreign capital to the country, and as the consequence, the increase of debt burden and payments for its service.

The total amount of state and state guaranteed debt of Ukraine makes up \$59,21 billion as of 2012; 42 percent thereof is the external debt [8]. The positive is the fact that over the past 5 years the part of external debt in the total state debt has been sufficiently reduced. (See picture 1).



Source: compiled by the authors

Picture 1. The amount of state and state guaranteed debt and the external debt of Ukraine in 2006-2011

The site of the National bank of Ukraine notes that the total external debt of Ukraine increased to \$123 billion in 2011. According to the data of the National bank of Ukraine the external debt of Ukraine increased by \$ 2 billion due to balance of payments transactions in 2011, while exchange rates and other changes increased its amount by \$ 1,1 billion. NBU notes that US dollar was the main currency of external borrows at the beginning of April (69,3%) and SDR (13,9%). A large amount of bonds in euro increased from 10,7 percent to 11,2 percent in the first quarter.

The increase of short-term debt mainly occurred due to the debt increase of trade borrows of the real sector of economy by \$1,5 billion. The increase of external debt of Ukraine is also the result of the following arrangements: issue of bonds of internal state loan on the amount of \$2,8 billion, allocation of eurobonds in some sectors of economy under state guarantee of \$0,7 billion, accumulation of overdue debt and short-term borrows of other sectors of economy in account of trade credits of \$2,9 billion.

Compared to GNP (gross national product) the amount of external debt of Ukraine decreased by 82,5 percent. According to IMF (International Monetary Fund) forecast as for changes of correlation of external debt to GNP the debt of Ukraine is under the influence of three kinds of threats, namely: decrease of exchange rate by 20 percent, increase of credit interest rates by 2 percentage points and decrease of real GNP by 2 percent.

Payments of external debt mean the regular transfer of the essential part of the national debt abroad. It minimizes possibilities of the development of enterprises-participants of economic activity and negatively influences the fulfilment of social and investment programs, economic development rates, doesn't provide the state with sufficient funds to improve the enterprise competitiveness and stimulate the influx of investments.

The amount of debt and conditions of debt service influence the international image of the state, the evaluation of its creditworthiness and investment rating. So, in July 2011 the international rating agencies: Rating and investment Information, Inc., Standard & Poor's, Fitch Ratings, - increased the credit rating of Ukraine and changed forecast as for Ukrainian key ratings to "stable" (table 1). So, the agencies marked the high sensibility of Ukrainian economy to unfavourable financial changes and worsening of conditions for attraction of investment resources influx both for the state and economic subjects.

The negative point for Ukraine concerning the regulation of external debt is the lack of the integrated strategy of the debt management and the development of the debt obligations market. It is explained by unpredictable forecast of initial market of debt obligation emission, non-sufficient liquidity of the second market, the lack of the calendar plan of bonds issue and clear instructions as for conditions of borrowing allocation. While the state debt for bonds of external state loan amounts to more than \$ 10 billion dollars.

Table 1: Dynamics of credit ratings of Ukraine (debt obligations in foreign currency) as of July 2011.

Rating agency	Rating of debt obligations in foreign currency		Forecast	The date of giving the rating/its confirmation
	Long-term obligations	Short-term obligations		
"Fitch Ratings" Fitch	B	B	Positive	21 July 2011 – forecast reconsidered
"Standard and Poor's" (S&P)	B+	B	Stable	29 July 2010 – forecast reconsidered and ratings increased
"Rating and Investment Information, Inc."	B+	-	Stable	31 March 2011 – forecast and rating confirmed
"Moody's"	B2	-	Stable	11 October 2010 – forecast reconsidered

Source: Ministry of Finance of Ukraine

Debt problem solution plays an important role for Ukraine both for maintenance of macroeconomic stability and facilitation of economic increase in the country and the determination of its place in the world economy.

5. *Financial sector.* According to the data of scientific research centre of the NBU, Ukraine is referred to the countries with non-sufficient level of the financial sector development. Meanwhile the development and efficiency of the country's financial sector of economy considerably influences the economy functioning as a whole. Subjects of financial sector are the link that connects subjects of all sectors and subsectors due to money accumulation and financing of their activity.

The stability of the financial sector in developed countries reflects its most important role in the economic development, first of all in savings. The level of development of the financial sector of Ukraine is not adequate to the problems of development of the whole country and is asynchronous as for the development of the real sector of the economy. In practice the main problems of the Ukrainian financial system are the low concentration of the market financial institutions and diversification of financial instruments. Non-sufficient attention is paid to the development of main elements of the market capital, namely: corporate management and, as a result, stimulation of the internal concentration of savings.

In comparison with the neighbouring countries (Russia, Byelorussia) the level of the financial mediation in Ukraine is rather high. But the results of the financial mediation analysis in Germany and France show that in Ukraine the potential contribution of the financial sector into the country's economic increase has not been realised completely.

In the structure of assets in Ukrainian financial sector about 95 percent of assets belongs to the banking sector; the main source of its income is credit interest payments.

Bank prevailing in the financial sector confirms the fact of the poor development of the stock exchange financial instruments and little incentive of the population for savings and investments into non-banking financial institutions. On a scale of banking system as to the whole economy Ukraine leaves behind such countries of the Western Europe as Poland, Bulgaria, Hungary and Czech Republic.

The banking sector of Ukraine can be characterized by a great amount of banks that do not provide sufficient banking services. The structure of the banking system is known as unbalanced one with a small amount of middle and large banks and the surplus of small banks, that minimizes both the firmness of the system and its ability to satisfy economic needs.

It is necessary to note the inefficient use of the resource potential of the Ukrainian banks due to dollarization in the spheres of cash and noncash circulation in the country's economy, liabilities and fund capital of state banks. Ukrainian economy became dependent on the foreign capital influx that considerably influenced the financial safety of the country.

Ukrainian market of non-banking financial services still remains small and underdeveloped. Meanwhile institutions of financial intermediation attract the money of population and real sector of economy by means of appropriate financial market tools, to be followed by the transformation of their products into the business financing, with an effective monetary policy contributing to the increase of economy monetization level without any inflation pressure. And it is a powerful source of long-term economic growth of the country.

Development of country's financial sector will contribute to the reduction of the rigidity of the trade conditions influence on the economic growth, diversification of the industrial base and intensification of the effectiveness of export-oriented economic model, and finally, is important for the reduction of population poverty.

Sustainable economic growth in Ukraine will depend on the creation of a strong financial sector which efficiency will help to reduce the transaction costs, to improve the distribution of scarce resources, to increase the profitability and the security of the entire economic system of the country.

6. Macroeconomic stability. Deterioration of the investment climate in Ukraine in recent years is affected by the global crisis. Commercial risk for Ukraine, according to the experts of Nationale Delcrederedienst, is the maximum one (<http://www.ondd.be/WebONDD/Website.nsf/AllWeb/Ukraine?OpenDocument&Disp=1&Language=en>).

The research of other international organizations may prove the negative tendencies in Ukraine. Thereby World Economic Forum considers Ukraine to be the 82nd among 142 countries in the Global Competitiveness Index (in 2010 – the 75th) (http://www3.weforum.org/docs/WEF_GCR_CompetitivenessIndexRanking_201112.pdf).

Ukraine is ranked 57th out of 59 surveyed economies in the world by the Institute for Management

Development according to the Index of economic competitiveness (<http://www.imd.org/research/publications/wcy/upload/scoreboard.pdf>). By Euromoney Ukraine is ranked 89th among 186 countries of the world at the level of sovereign

risk (<http://www.euromoneycountryrisk.com/Wiki/Ukraine>). By The Heritage Foundation the level of economic freedoms in Ukraine ranks 163rd among 179 countries surveyed (<http://www.heritage.org>).

Quite a negative phenomenon for Ukraine is the reduction of ratings of all the international organizations without any exception over the past five years (see Table 2).

Table 2: Ukraine's position in international investment ratings

International organization	Rating index	Place in the rating		Number of countries in the rating
		2006	2011	
World Economic Forum	Global Competitiveness Index	69	82	142
Institute for Management Development	Index of economic competitiveness	45	57	59
Euromoney	Level of sovereign risk	78	89	186
Heritage Foundation	Index of Economic Freedom	110	163	179

Source: compiled by the authors on the materials of rating agencies: World Economic Forum, Institute for Management Development, Euromoney, Heritage Foundation

Low rating of Ukraine is the result of the authorities' failures in macroeconomic policies that negatively affected the ability of the state to create effective conditions for economic growth over a long period and exacerbated macroeconomic imbalances in the economy and as a whole all the factors significantly worsened the investment climate.

7. *Country's legislation.* In contrast to the global economic vanguard, Ukraine has a lot of obstacles as to attracting the investments in its economy, which form high investment risks and unstable conditions in the investment area of the country. According to the research of the USA State Department a complex tax code, complex legal regulations, poor application of contract law make Ukraine an unfavorable location for the investments (<http://www.state.gov/e/eb/rls/othr/ics/2011/157378.htm>).

According to the legislation of Ukraine an investor is provided with the state guarantees against nationalization of the performance results. Although in practice there are cases of expropriation of property (as in 2008 the government canceled the agreement on the part of production with U.S. company to explore oil and gas in the Black Sea). Also in case of failure of investment commitments the state authorities, with the permission of the court may cancel the ownership and resell it to another investor.

Gaps in the Ukrainian legal system on the investment regulations are also shown in the contradictions of the Civil and Commercial Codes of Ukraine (<http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=435-15>, <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=436-15>). The Civil Code does protect the rights of private property, and the Commercial Code is aimed at preserving the privileged position of public sector, which in some cases allows state intervention in private commercial relations, which does not meet the market requirements as to economic development.

Laws regulating the investment activity in Ukraine are characterized by the rules, borrowed from the countries with different levels of institutional and cultural development. Domestic legal system can be criticized for its inefficiency, burdensome procedures, unpredictability and dependence on the political interference.

8. *Tax system.* The main issue in regulating the investment activity is the ability of the state to use effective tax levers. In recent years Ukraine has been experiencing a transformation model of tax policy, characterized by the abolition of unjustified benefits in terms of Free Economic Zone (FEZ) and the completion of special investment regimes.

An important event in the tax adjustment of investment process was the adoption of a new Tax Code in 2010 (<http://zakon2.rada.gov.ua/laws/show/2755-17>). The Code contains provisions that detail the problem of regulation covering the taxation of investment assets, activity of collective investment institutions, make provision for exemption from corporate income tax in the energy sector within the costs provided by the National investment program.

The main innovations of the Tax Code, relating to investment activities are as follows (<http://www.mfa.gov.ua/mfa/ua/publication/content/57850.htm>):

- encouraging Ukraine's transition to an innovation model of development, partly through gradual reduction of income tax rate from 25 to 16 percent;
- temporal (till 2020) exemption from profit tax of biofuel producers for the production of electricity and thermal energy, and exemption from income tax of the enterprises dealing with extraction and consumption of gas (methane) in coal mines;
- profit is exempted from taxation for the period of 10 years as from 2011 if it is made from hotel services in five-, four- and three-star hotels, including newly constructed ones, reconstructed or those with capital repairs or restoration of buildings; enterprises in the sphere of light industry (excluding enterprises that produce goods from customer's raw materials); profit is exempted from taxation if it is earned from sale of electricity produced from the renovated sources of energy; from ship-building and aircraft industries;
- classification of assets is expanded in fiscal accounting; 16 groups of capital fund are provided for instead of 4 groups in the current legislation;
- taxation of financial leasing operations is settled; it'll make it possible to create new incentives for this form of investment;
- taxation at a rate of 5 percent of interest on deposits, interest yield or discount income by nominal savings (deposit) certificate; of interest on the contribution of the credit union member in credit union; of incomes in the form of dividends and some other incomes connected with investment activity is put into practice;
- premises of investment attractiveness of the country are created by way of reducing the rate of value added tax (VAT) to 17%;
- implementation of "automatic" VAT refund to diligent VAT payers and Single Register of tax invoices; state liability is introduced for VAT refund failure to such payers.

Meanwhile, despite the improvement of tax system in Ukraine, international experts observe low investment attractiveness of our country. According to Doing Business, in 2011 Ukraine ranked 145th among 183 countries surveyed in the rating of business administration simplicity (<http://export.gov/ukraine/doingbusinessinukraine/index.asp>). Review of assessments indicates that the weakest point is the simplicity of tax payment that practically completes the list ranking 181st.

So, Ukraine needs to solve the problems connected with the use of simplified tax system. The question of investment activity development is rather difficult and relevant. It needs improvement of tax environment and state administration within its bounds.

9. Customs Regulation. A lot of aspects of customs regulation are not favourable for foreign investors. Preferential tariffs are applied to importation from 12 countries Ukraine has free trade agreements with (esp. countries of Community of Independent States - CIS)

(http://me.kmu.gov.ua/control/uk/publish/category/main?cat_id=48272). Differences in estimation of real value of imported goods by customs services and enterprises also influence the customs tariff increase and VAT (value-added tax) in Ukraine that are obstacles to running a business.

The way of setting quotas for grain exports in Ukraine raises questions of noncompliance to the principles of open trade in the WTO (World Trade Organization) because of its non-transparency.

10. State administration and political stability. State administration is critically important factor for the economic growth of any country. In Ukraine there remain in force high demands for enterprises as to obtaining the numerous permits of state control authorities for running a business. The licensing as of 2011 is used for 56 types of economic activity that causes additional obstacles to trade in Ukraine (licensing of 22 types of economic activity was abolished in 2010). The list of goods to be licensed is determined annually by the Cabinet of Ministers of Ukraine. Some certain products need the preliminary consent in the Ministry of Economic Development and Trade as well.

In Ukraine there exist some technical obstacles to trade and investments as the compulsory standards which differ from European ones and are more restrictive.

The state sector in Ukraine is one of the largest in Europe and includes more than 5000 agents of management (<http://www.state.gov/e/eb/rls/othr/ics/2011/157378.htm>). In whole the sector is rather ineffective and even unprofitable. Most of state enterprises perform their functions only at the expense of state subsidies.

As regards of state control on investment activity in Ukraine it is necessary to reduce the regulator pressure on the investors and to revise the sources of investment with their further distribution according to regions and sectors; to ease social strain; to reduce industrial construction fund; to attract foreign investments; to create the new forms and means of the investment activity management (Medvid, 2011).

Over the last years in Ukraine the existing economic difficulties, changes in public relations, reforms and confrontation contributed to the conflict situation in the political sphere. Nationale Delcrederedienst, while performing the systematic analysis of the political and financial situation in the countries and using the reports of the International Monetary Fund, World bank and other transnational organizations, defines the fairly high level of risks in Ukraine

(<http://www.ondd.be/WebONDD/Website.nsf/AllWeb/Ukraine?OpenDocument&Disp=1&Language=en>). Thus the political risk associated with the state expropriation of investments, the judicial system operation and possible negative attitude towards the foreign investors, is

11. Corporate management. The problems of corporate management in Ukraine are related to the corporate property, rights of shareholders, transparency of information. The question of corporate management, in particular the conflicts of interests of shareholders, managers and other interested parties are under close attention of the state controlling bodies and the financial market.

The legislation of Ukraine gives an enterprise the right to choose the most acceptable system of corporate management taking into account the number of shareholders in this joint-stock company. In joint-stock companies with the number of shareholders – the holders of ordinary shares – of 10 people and more the creation of the **supervisory board** is obligatory (<http://zakon2.rada.gov.ua/laws/show/514-17>). The new Law «On joint-stock companies» determines the principles of effective practice of the corporate management that meet the requirements of the international standards. This law is directed at the determination of critical terms and standards for the creation, management and shutdown of a joint-stock company, and at the improvement of protection of shareholders and filling the gaps in the legal framework.

The modern system of corporate management in Ukraine is at the stage of its evolutionary formation. Therefore the realization of a new Conception of the corporate social responsibility is considered to be urgent so far as it will put in order the system of corporate management and will become the stimulus for the investments to be attracted in the country.

12. Level of corruption. As surveyed by the State department of the USA the corruption in Ukraine to be found on all of levels of the society and in all spheres of its economic activity is the main obstacle to foreign investments (<http://www.state.gov/e/eb/rls/othr/ics/2011/157378.htm>).

Thus, Transparency International refers Ukraine to one of the most corrupted states and ranks 152nd among 183 countries of the world in 2011 (last year this index became considerably worse so long as in 2010 Ukraine ranked 134th among 178 countries) (<http://cpi.transparency.org/cpi2011/results>).

The Convention of Council of Europe on civil and criminal responsibility for the corruption has been ratified in Ukraine. The Law on corruption (<http://zakon3.rada.gov.ua/laws/show/3206-17>) that clearly determines and increases the circle of subjects responsible for corruption delicts has been adopted. It sets up the limitations as to the use of the official position, determines the conflict of interests in public services and the order of its settlement, determines the circle of subjects capable of carrying out the measures on prevention and counteraction of the corruption; determines the legal character of a present (donation), establishes severe restrictions as to the job placement for the near relations, etc. But despite everything the actions of the government remain limited and uncoordinated.

Corruption in Ukraine is generally connected with such factor as absence of institutional tradition of the transparent process in taking decisions.

13. Policy of local authorities. The important factor of the investment climate is the activities of the local self-government bodies in the international cooperation of the region.

The regulation of the international cooperation on the regional level is carried out in conformity with the principles of state policy of the regional development. These principles are supplemented by the principles of state policy in the field of the transfrontier cooperation according to the appropriate law of Ukraine (Vorotina, 2010). However, the excessive centralization of state administration as well as the existing drawbacks in the regulatory and legal framework impede the establishment of the international cooperation with European countries, namely the equal opportunities of Ukrainian regions as to the realization of transfrontier cooperation projects are not guaranteed (in 2007-2010 only Volhynia, Transcarpathian, Ivano-Frankivsk, Vinnytsia, Lviv, Chernivtsi, Chernihiv and Kharkiv regions were involved in cooperation).

For the intensification of the investment activity in the regions the local programs acquire important value. Such examples are: the Program of business and investments assistance “Towards the investors” (Lviv region), the Program of the attraction of foreign investments in Dnipropetrovsk region for the period of 2004-2010, the Program of foreign economic activities in Luhansk region for the period of 2001-2010 (Ermolaeva, 2010).

Thus, in most regions of Ukraine one can observe the tendency towards the decline in the international cooperation and an ineffective structure of foreign investments. The reason for this is the insufficient institutional support in the foreign investment process which results in the inefficiency of state administration in the investment activities on the regional level.

14. Openness of Economy. On the territory of Ukraine the national regulations of investment activity are applied to foreign investors, i.e. they are given equal opportunities with domestic investors. Foreign investments in Ukraine are not subject to nationalization.

In case of cessation of investment activity any foreign investor is guaranteed a return of the investment in kind or in currency of investment without duty payment, as well as the income from investments in monetary or commodity form. The state also guarantees a smooth and immediate transfer abroad of the profits and other funds in foreign currency legally earned as a result of foreign investment.

State Agency for investment and management of national projects in Ukraine together with the Council for domestic and foreign investors under the President of Ukraine have been created to promote foreign investors in questions of interaction with the executive bodies and local authorities.

In 2010 an administrative barrier for foreign capital investment in Ukraine as far as compulsory registration of foreign investments is concerned was removed. But it is necessary to stress on importance and topical character of current limitations as far as foreign capital is concerned in the following fields: missilery, production of bioethanol, banknotes and securities issue. Moreover according to current domestic legislation some limits have been set for foreign participation in strategic sectors of economy that comprise energy sector, national publishers, agriculture. Most investments, creation of joint-stock companies, purchase of shares are under the close supervision of the Antimonopoly committee of Ukraine (<http://www.state.gov/e/eb/rls/othr/ics/2011/157378.htm>). The Law of Ukraine “On preparation and realization of investment projects on the principle of “single window” has been adopted. It reflects legal and organizational frameworks for the relations connected with investment projects realization (<http://zakon3.rada.gov.ua/laws/show/2623-17>). Legal, economic and organizational basis of public-private partnership is legally defined, in particular to regulate relations arising in the course of implementation of projects in certain sectors of economic activity (<http://zakon1.rada.gov.ua/laws/show/2404-17>). But still investment attractiveness of Ukraine for foreign investors is significantly reduced by the lack of support they have in other countries. Western capital is mainly directed at those areas where there is competition, struggle for markets, and this is the reason for the domestic industry to be ignored by foreign investors.

Conclusion

From the analysis of factors of investment competitive advantages in Ukraine in the investment attraction sphere a conclusion about the lack of maturity in terms of quality can be drawn. This causes the low competitiveness of Ukraine as a country that wants to attract investments.

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