

WAYS TO IMPROVE THE INVESTMENT CLIMATE IN UKRAINE

Investments play a very important role in the economy. They are objectively necessary for stable economic development and sustainable economic growth. At the economic level, investments are needed for: expanded reproduction; structural changes in the country; improving the competitiveness of domestic products; solution of socio-economic problems (unemployment, ecology, health care, development of the educational system, etc.). That is why the stabilization of the investment climate is an urgent issue.

The investment attractiveness index of Ukraine in the second half of 2019 was 2.95 points out of the 5 possible according to the results of the European Business Association survey, based on the answers of 100 CEOs of leading enterprises of all sectors of the economy. Foreign investors are not very optimistic about the current state of the investment climate (39% of respondents believe that the investment climate is neutral, 37% - rather unfavorable, and another 7% - extremely unfavorable, and only 17% of top managers - positive).

The main problems are traditionally high levels of corruption, weak judicial system, low level of political and legal stability, outflow of qualified labor and capital. Entrepreneurs also complain about the slow de-bureaucratization of business processes, the low level of financial infrastructure development and a small part of innovations in the economy. Unsatisfactory condition of fixed assets and infrastructure and outdated technologies cause high energy consumption of production and therefore insufficient competitiveness of goods. The situation with the National Bank, the potential breakdown of cooperation with the IMF, the hasty and unsystematic work of the new government and populism are also unfavorable factors.

However, businessmen noted the positive impact of the beginning of the land market reform, stable national currency, reform of the Tax and Customs Services, launch of the concession mechanism, the start of the Supreme Anti-Corruption Court, reduction of inflation, the cancellation of dividend repatriation limits, the gradual increase in the purchasing power of citizens.

It is almost impossible to change the situation quickly. Many processes, such as political reforms, combating corruption and other institutional changes, are long-lasting. So there is needed for the long-term and entrenched economic policy strategy to stimulate investment attraction, which will give investors confidence.

It is possible to solve existing problems and improve the investment climate by using:

1. Creation of a quality system for receiving investments and returning income by investors from the investment activity. Development of large competitive stock exchanges; placement of securities of Ukrainian enterprises on foreign exchanges; development of the market of non-banking financial institutions (investment and insurance companies, pension funds); informing the population about the possibility of direct investing in securities and, in general, improving the investment literacy of the population, etc.
2. Changes in tax and customs systems. Simplifying the procedure of paying taxes and tax records, standardizing tax controls and controlling their objectivity. Standardization, automation, use of electronic registration of goods and clear methods of valuation in cost will eliminate bias and reduce the time of customs clearance procedures.
3. Creation of electronic offices in state institutions for legal persons and individuals, simplification of administrative procedures, implementation of high-quality systems of information exchange between different state and municipal institutions. Automation of

most processes and selection of civil servants on an open and fair competitive basis for the purpose of overcoming corruption in state and local authorities.

4. Creation of stable business environment, creation of competitive and favorable conditions under which business will be able to plan its activity in the long term with minimal risks of sharp changes in business conditions. Important are the simplicity and speed of the business start-up process, the ease of accounting and tax administration, fair judiciary and effective legal system, prevention of corruption, increasing possibilities of use of long-term rent, and etc.
5. Stabilization and increase of financial state and regional budgets by introducing different rates of tax on the income of individuals, depending on the amount of received income, increasing the rate of dividend tax to the level of the tax rate on personal income in the case of taxation of wages, increasing environmental tax rates.
6. Creation of new enterprises producing value-added products, and increasing exports of these products.
7. Development of transport infrastructure by modern standards (high-quality roads, upgraded ports and airports, modern trains, etc.), including the use of concessions.
8. Implementation of energy-saving technologies; modernization of energy and water supply and electricity networks.
9. Improving the environmental situation in the country; using of technologies that prevent pollution; increasing of environmental tax and the using of accumulated financial resources to prevent and counteract the negative impact on the environment; prohibition of certain harmful substances in production processes; ban on the construction of enterprises that can make worse the environmental situation near people's places of residence; removal of already existing similar enterprises outside settlements, etc.
10. Improving the quality of life in Ukraine, in particular of health care, social security, quality of education (creating a high-quality and effective studying system: introduction of modern curriculum and methods, a system of measures to prevent corruption, favorable conditions for students, teachers, graduate students and scientists, and so on).

Thus, ensuring a favorable investment climate for Ukraine is an extremely important task, since the dynamics of socio-economic development and the possibility of modernization of the national economy depend on its implementation. And its improvement depends on reforms in different spheres of public policy and in different sectors of the economy.

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