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INVESTMENT MODEL OF FOREIGN COUNTRIES: THE OPPORTUNITY OF THE SUCCESSION FOR UKRAINE

Summary. *The article examines investment policy and investment climate of Ukraine in comparison with foreign countries based on existing legislation. As well as research on ways to increase its investment attractiveness, improve the business environment for investment and the most important areas for attracting foreign investors; substantiates the need for the formation of competitive segments of the economy and the analysis of foreign investment legislation for possible law enforcement for Ukraine.*

Key words**:** *investment process, investment policies, laws on investment, models of investment, international investment law, investment law of foreign countries, investment law of Ukraine.*

The sharp acceleration in the pace of globalization of the world economy is due to the existence of a significant and close relationship between investment and economic growth. However, it is not just the level of investment that matters, but the quality and efficiency of the placement in terms of national interests, which ultimately determines the degree of attraction of investment attractiveness to public reproduction. One of the most important conditions for ensuring economic growth is a balanced investment policy of the state, strategically aimed at supporting economic growth and political stability in the long run.

For the purpose of our research, it is necessary to give the following definition of the term "investment policy" - a set of measures to maximize the effective involvement of

investment activities in the process of restoring the economic attractiveness of the state to achieve strategic and tactical socio-economic goals.

Foreign investment is the property of foreign investors, which acts in various forms and ways, exported from the territory of one state and invested in a business on the territory of another state.

Private investment accounts for the bulk of foreign investment. In most cases, these are for-profit companies whose national market has become too tight and who are beginning to expand overseas in order to expand. The lack of profit and the growth of losses are repelling such companies. To invest in the country's economy, it is necessary to create not only attractive investment conditions, but also effective incentives for establishing international cooperation. A competent policy in the field of attracting foreign capital investments is one of the conditions for successful development of the national economy.

Despite the fact that Ukraine has accumulated experience in investment activity, we can see quite important problems in the investment legislation, which in turn deter potential foreign investors.

Many countries have accumulated extensive investment experience.

One of the factors affecting the investment attractiveness of any country is the existing system of legislation, which defines the national legal regime of investment activity and regulates the principles and mechanism of investor relations with state bodies, on the one hand, as well as with other participants in economic relations and sub economic entities - on the other.

In particular, such models of investment policy in the world can be distinguished.

Table1

Foreign model of investment policy

Characteristic features	Models		
	American	Japanese	Taiwanese
Aim	Maximum attraction of private investments	Effective use of public and private investment	Enhancing private investment to increase export potential
Terms of implementation	Developed securities market The prevailing role of the stock exchange	Powerful private sector Effective state apparat	A network of private export firms has been developed State infrastructure that coordinates private investors
Place of government	Information support Investing into infrastructure	Control over the banking system Mobilization of funds Provision of preferential investment resources to private corporation	Financing of design offices engaged in development of new technologies Preferential lending to private investors
Disadvantages	Lack of incentives for capital accumulation Impossibility of rapid increasing of accumulations	Politicizing of investment process	Orientation on export Narrowing of investment potential forth domestic economy

Source: authors development

In the US, economic policy in the area of formulation and implementation of investment policy is largely oriented toward the realization of the principles of economic freedom and liberalism, and the methods of intervention in the economic process are limited. In Japan, the investment policy model is based on active partnership between the state and the private investors.

In many countries, a system of programs and projects is one form of investment policy implementation, and programmatic investment management is an effective methodological approach that demonstrates efficiency and effectiveness [2, p.136].

In foreign practice, the system of purposeful management of investment activities is applied in those areas of economy where investment of resources can stimulate their growth and attract additional investments. Therefore, the basis of public investment policy in a number of countries is the statutory procedures for selecting projects for investment, as well as clear objectives for public participation. We propose to consider the argument of investment policy on the example of several states.

The German Government has adopted a program for supporting small and medium-sized businesses, which includes various areas, including:

- Provision of state support to start-ups for entrepreneurs, improvement of vocational education and training of staff reserve;
- carrying out reforms of the tax system for small and medium-sized enterprises, creating support and favorable conditions for development;
- enhanced support in foreign markets;
- mobilization of venture capital for innovation;
- elimination of bureaucratic restrictions;
- creation of credit intermediaries and expansion of financial capabilities;
- strengthening the innovative component of the economy.

In order to assist small and medium-sized businesses, the German government has passed a law allowing the registration of enterprises in the state register (according to the legal form and sectoral specialization of the enterprise) through the Internet.

Small and medium-sized companies in the country export their products and also carry out investment projects abroad. For this reason, Germany is active in the World Trade Organization (WTO) and promotes European Union initiatives to obtain benefits and priorities in trade with third countries.

There is no federal law regulating foreign investment in the United States of America, but there are some pieces of legislation that affect the activities of foreign entrepreneurs: government location, information support, infrastructure investment, banking system Place of government Information support Investing into Infrastructure Control over the banking system Mobilization of funds Provision of preferential investment resources to private corporation Financing of design offices engaged in development of new technologies Preferential lending to private investors

Disadvantages Lack of incentives for capital accumulation Impossibility of rapid increasing of accumulations Politicizing of investment process Orientation on export

Narrowing of investment potential forth domestic economy control, mobilization of public funds, provision of preferential investment resources for private corporations; financing for design and development bureaus engaged in the development of new technologies; preferential lending to private investors.

Disadvantages: lack of incentives for capital accumulation, impossibility of rapid accumulation of savings, politicization of investment planning process, export orientation, narrowing of investment potential for domestic economy inside the country.

These legislative acts regulate the investment regime on the territory of the country and treat national and foreign investors equally. If there is a possibility of threatening the national security of the country, the US President has the right to prohibit or stop the merger and transfer of the company under foreign control. The Committee on Foreign Investment plays a special role in regulating FDI. The Committee has the right to consider foreign investments most important for the national interests of the country.

The Commerce Department's Bureau of Economic Analysis plays a special role in regulating foreign investment in the United States of America. The Bureau prepares and conducts ongoing research related to foreign investment in the country's economy. To this end, the Bureau collects information relating to all sales agreements with foreign investors in the territory of a US-owned country.

In the People's Republic of China, the state and private investors co-finance the construction and operation of infrastructure. The main investment flows are concentrated in 5 free economic zones, which prevents the dispersion of attention among many projects.

The practice of public-private cooperation has also become widespread in Canada and Australia, and interest in this type of implementation of investment policies in European countries is now growing.

Analyzing the practice of raising capital on a global scale, it should be noted that, given the national specificity of states, it is difficult to single out a single recipe for choosing certain methods of increasing the country's investment attractiveness.

Putting into effect investment models existing in other countries without a well-established institutional base only have negative consequences. For example, in the 1970s, the Philippines applied the techniques and methods of the Japanese model, but as the history of the Philippines shows, they did not become the economically powerful state of Southeast Asia. On the other hand, the experience of East Germany, in which the government has been vigorously pursuing the option of stimulating investment through unjustified tax breaks, has shown that measures to create favorable conditions for investment alone do not lead to success. Therefore, when choosing a model, it is necessary to take into account the mechanism of economic and legal and institutional instruments necessary to create an attractive investment climate and to rely on the strengths of the national economy.

It is now widely recognized that in the future, countries that are able to provide a leading role in their economies of high-tech industries and high-tech services in combination with the strengthening of the fields of science and education, which are the basis for innovative type of development, will win in the competition. This statement determines the main trends not only in the modern world scientific and technological development, but also in the investment support of this development [3].

The subjects of the world economy, which have won in the course of historical development leading scientific positions, make large investments in the basic sciences, in an effort to preserve this position. The main motive that drives a large group of business entities to pay attention to applied research and specific technological developments is the desire to maintain their position in the world of high technology market in the conditions of growing competition.

In the EU countries that have formed an effective model of a market economy, investment has already been created with favorable conditions and the focus is precisely on the direction of investment activities in those areas that are needed from a prospective perspective. Business as a major investor should recognize the new imperatives of development, not focus solely on quick profits.

Today, despite the global financial crisis, which is deepening in Ukraine, in particular due to the unstable political situation, our country has every chance to reach double-digit annual foreign investment. According to the State Statistics Committee, in January-March 2018 foreign investors from 76 countries of the world invested $ 1,151.0 million. US direct investment (equity). The leading areas of economic activity in terms of capital investment development in 2017 remain: industry - 35.9%, construction - 11.7%, agriculture, forestry and fisheries - 12.0%, information and telecommunications - 8.9% [4].

The state regulates investment activity in two forms: through direct and indirect intervention. Administrative and legal influence is realized through legal, organizational and information support. Some positive steps have already been taken in this direction:

1. A legal framework for investing and developing public-private partnerships has been created in Ukraine today. The legislation of Ukraine defines the guarantees of activity for investors, economic and organizational bases of realization of public-private partnership in Ukraine. 2. On the territory of Ukraine

the national regime of investment activity is applied to foreign investors, that is, equal conditions of activity with domestic investors are given. Foreign investments in Ukraine are not subject to nationalization. 3. To enhance the protection of foreign investment, the 1965 Washington Convention on the Procedure for the Settlement of Investment Disputes between States and Foreign Persons was ratified. Investor dispute resolution committees, which may be created by the executive and local self-government bodies as temporary advisory and advisory bodies in order to facilitate the pre-trial settlement of disputes between the investor and the enforcement body, are intended to assist the resolution of problematic issues of investors. 4. Intergovernmental agreements on promotion and mutual protection of investments signed with and ratified by the Verkhovna Rada of Ukraine with more than 70 countries. 5. In order to simplify the procedure for attracting foreign investments and prevent the manifestation of signs of corruption in their state registration, on May 31, 2016, the Law of Ukraine No. 1390-VIII "On Amendments to Some Legislative Acts of Ukraine Regarding the Obligation of State Registration of Foreign Investments" was adopted [5].

The indirect influence of the state is exercised by means of budgetary, monetary, credit, depreciation and scientific and technical policy, through the provision of tax benefits to enterprises. Depreciation policy allows you to regulate the pace and nature of reproduction, first of all, the rate of renewal of fixed assets. The effective depreciation policy of the state will allow the enterprises to have sufficient investment funds for the simple and extended reproduction of fixed assets. [6]. It should be said that special attention is paid to the scientific and technical policy, which provides for the choice of priority directions in the development of science and technology.

A study of the experience of the EU and some other foreign countries in supporting and regulating investment processes allows us to see the variety of means and methods of introducing investment activities. It should be concluded that Ukraine is quite capable of borrowing from these examples into its investment policy.

Based on the above, we can propose the following options for improving Ukraine's investment policy:

- increasing the amount of capital investments to accelerate the exit from the economic crisis;
- updating of national legislation (in particular, the Law of Ukraine "On the Foreign Investment Regime", the Law of Ukraine "On Investment Activity");
- improving the investment climate, as well as protecting foreign investors;
- implementation of structural reforms, redistribution of investments for the benefit of scientific industries that determine scientific and technological progress;
- reduction of the share of state capital investments and increase of investments by enterprises at the expense of own funds, which will depend on the degree of privatization and privatization;
- special investment fore-sighting to determine the priorities of investment policy;
- preparation of maps of investment process indicators will allow to link investments more closely with related macroeconomic indicators, innovation and social development.

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