REGIONAL FEATURES OF FOREIGN INVESTMENT ON THE EXAMPLE OF THE VOLYN REGION

In the article, the author analyzes the dynamics of the main indicators of foreign direct investments in the economy of the Volyn region during 2000–2016 on the basis of statistical data, and determines its main trends. The geographical and industrial structure of foreign direct investments is analyzed, the main investing countries and the main areas of investment are identified. The analysis of attraction of volumes of foreign investments into the economy of the region by towns and districts of the Volyn region is carried out. A list of key tasks aimed to stimulate the attraction of foreign investment in the economy of the Volyn region is proposed.

Key words: investments, foreign direct investment, investment activity, region, Volyn region, investment attractiveness, foreign capital.

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РЕГІОНАЛЬНІ ОСОБЛИВОСТІ ІНОЗЕМНОГО ІНВЕСТУВАННЯ НА ПРИКЛАДІ ВОЛИНСЬКОЇ ОБЛАСТІ

В статті на основі статистичних даних аналізується динаміка основних показників прямих іноземних інвестицій в економіку Волинської області в теченні 2000–2016 рр., відображають основні тенденції. Розкривається географічна і спрямована структура прямих іноземних інвестицій. Указані основні країни-інвестори та напрямки інвестування. Осуществляется анализ привлечения объёмов иностранных инвестиций в экономику области по городам и районам, а также на одного человека. Предлагается перечень ключевых задач для стимулирования привлечения иностранных инвестиций в экономическую Волинской области.

Ключевые слова: инвестиции, прямые иностранные инвестиции, инвестиционная деятельность, регион, Волынская область, инвестиционная привлекательность, иностранный капитал.

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У статті на основі статистичних даних досліджено динаміку основних показників прямих іноземних інвестицій в економіку Волинської області, визначено їх основні тенденції. Проаналізовано обсяги надходження іноземного капіталу у 2000–2016 рр., визначено періоди спаду та зростання обсягів іноземних інвестицій. Досліджено географічну і галузеву структуру прямих іноземних інвестицій, окреслено головні країни-інвестори та основні напрями інвестування. Доведено, що промисловість є однією з найважливіших складових частин господарського комплексу, приоритетною й перспективною галуззю, у яку спрямована найбільші обсяги інвестицій. Охарактеризовано інші приоритетні напрями залучення іноземного капіталу. Здійснено аналіз та зазначено основні тенденції залучення обсягів іноземних інвестицій в економіку області за містами й районами Волинської області, а також на одну особу. Підкреслено характерно виражену територіальну диференціацію за обсягом іноземних інвестицій за районами регіону. Найбільш інвестиційно привабливими є підприємства міст Луцька, Нововолинська, а також Ковельського i Луцького районів. За даними Державної служби статистики, визначено, що серед 24 регіонів України за обсягом іноземних інвестицій у регіон Волинська область у 2015 та 2016 рр. посідала 12 місце. Запропоновано перелік ключових завдань для досягнення стимулювання залучення іноземних інвестицій в економіку Волинської області, серед яких – поширення інформації серед потенційних інвесторів щодо інвестиційних пропозицій підприємств їй організацій області, розробка та впровадження інвестиційних проектів, підвищення ефективності системи управління процесами іноземного інвестування на регіональному рівні тощо. Підкреслено, що одним із напрямів залучення іноземного капіталу є створення індустріальних парків, серед яких – перший на Волині індустріальний парк «Нововолинськ».

Ключові слова: інвестиції, прямі іноземні інвестиції, інвестиційна діяльність, регіон, Волинська область, інвестиційна привабливість, іноземний капітал.

**Formulation of Scientific Problem and its Significance.** Investigation of investment problems has always been the focus of economic science. Investment activity is a source and a precondition for the development of the economy of regions. Border region has a specific status and plays an important role in the process of intergovernmental cooperation. Expansion of Ukraine’s investment relations with other countries at the border territories corresponds not only to regional interests, but also to the interests of the whole country. However, such connections may be an additional source for the increasing of the development level not only in the region, but in the country as a whole. Therefore, the investigation of the features of foreign investment in the Volyn region, as a border region, is extremely relevant.

**Analysis of Recent Research and Publications.** A big amount of studies is devoted to the problem of foreign investments attracting into the economy of the country and the region. Significant achievements in this regard have been achieved by such Ukrainian scientists as B. Hubskyi, V. Heyets, B. Danilishin, M. Dolishnyi, M. Lendel, D. Lukianenko, Y. Makogon, V. Novitsky, A. Peresada and others. Despite a large number of studies in this area, some trends in attracting foreign investment to the Volyn region require a more detailed analysis.

**The Aim of the Work is:** to analyze the investment activity of the Volyn region in accordance with certain parameters: the volume of foreign investments, investment directions, geographic structure; to identify factors of the change in the volume of foreign investment and the problematic aspects and perspectives of this process.

**Research Results.** The economic potential of the Volyn region, in combination with the evident geographic position, creates favorable conditions not only for effective business activity in the regions, but also for the development of foreign economic activity, promotes the attraction of foreign investments into the economy. The boundary location and the specifics of development create favorable conditions for integration in the world economy [1]. The proximity of the immediate border with Belarus and the Poland, as a member of the European Union, and membership in the Euroregion Bug, promotes the active development of the business relations of the Volyn region with the foreign countries and intensification of investment activity.

An analysis of the economic situation in the Volyn region for the period from 2000 to 2016 shows that one of the most effective types of foreign economic activity in order to increase the level of development of productive forces of the region is investment activity (fig. 1).

During 2000–2016, 234,8 million US dollars (USD) foreign direct investment was invested in the economy of the Volyn region. The overall financial and economic situation in the country is accompanied by changes in the intensity and structure of foreign investment in the region. By 2007, inclusive, we can state the gradual increase in investments – USD 392,4 million by the end of 2007. 2008–2010 were the period of the financial and economic crisis in Ukraine. This led to a sharp decline in the flow of foreign capital into the economy of the country and the Volyn region in particular. Since 2011, the positive trend in the movement of capital has recovered – USD 291,4 million compared to USD 218,6 million in 2010. In 2012, the volume of foreign direct investment in the region’s economy amounted to USD 380,5 million. But since 2013, the regional investment activity has fallen again – the inflow of foreign investment decreased by USD 39,2 million and amounted to USD 341,3 million.
In 2014, the effects of the nationwide crisis situation were observed, which resulted in a reduction of foreign direct investment of USD 70.1 million compared to previous 2013. In 2015, the volume of foreign direct investments amounted to USD 247.1 million.

The total amount of foreign direct investments (equity capital) made to the region’s economy for the entire period of investment, as of December 31, 2016 amounted to USD 234.8 million. In 2016 foreign investors invested USD 8.6 millions in the region’s economy and USD 2.5 millions direct investment were withdrawn. Reducing in the value of equity capital through revaluation, loss and reclassification was USD 18.5 million, exchange rate difference – USD 11.3 million.

Analyzing the geographical structure of foreign capital inflows, it should be noted that investments in the Volyn region come from 37 countries of the world. Over the entire period of investment USD 219.9 million (93.7% of the total equity) was received from EU countries, USD 14.9 million (6.3%) – from other countries of the world.

In 2016, USD 7.9 million (91.4 % of the total equity) were received from EU countries, and USD 0.7 million (8.6 %) from other countries of the world. This shows that the countries of the European Union are permanent and prospective investors for our region. Comparing the geographical structure of foreign investment in 2010 and 2016 (fig. 2, fig. 3), it should be noted that it has not significantly changed. The main investors are Poland, Cyprus, Austria, Slovakia, Germany, Great Britain, Lithuania, Virgin Islands and others.

**Fig. 1. Direct foreign investment in the economy of the Volyn Region**

Source. Created by author. Statistical Source [5, 4].

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Among the distinctive differences we should highlight the significant increase in the proportion of Cyprus from 27 to 44 %. Investments of Cyprus, which in 2016 amounted USD 103.9 million, are concentrated primarily in the processing industry – USD 87.1 million, wholesale and retail trade – USD 3.5 million, real estate transactions – USD 2.47 million and professional, scientific and technical activities – USD 2.1 million. It should be noted that Cyprus and the Virgin Islands are «classic» offshore. Most of the offshore investments in Ukraine are Ukrainian capital, whose owners use companies in Cyprus and other offshore companies to optimize taxation and obtain a specific legal status. Against the backdrop of capital flows from Cyprus, volumes and dynamics of investment from other countries look small. In particular, Poland’s share decreased from 48 to 15.4 %. The share of other countries has increased from 12 to 24 %.

Equally important in our study is an analysis of the sectoral orientation of investment funds (tab. 1).

Table 1

| Type of Economic Activity | Foreign Direct Investment (Thousands of USD) |
|--------------------------|---------------------------------------------|
|                          | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Agriculture, forestry and fisheries | 12093.9 | 14389.8 | 15998.9 | 15106.2 | 12602.2 | 12484.5 |
| Industry | 19752.9 | 20088.6 | 21121.6 | 18236.2 | 17920.2 | 178388.9 |
| Construction | 3110.7 | 2175.5 | 937.6 | 469.6 | 32.8 | 29.7 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 26215.9 | 77177.9 | 25263.9 | 15615.7 | 11000.5 | 9370.4 |
| Transport, warehousing, postal and courier activities | 1101.9 | 4131.6 | 1141.2 | 1694.9 | 1696.5 | 959.2 |
| Financial and insurance activities | 12899.8 | 12827.9 | 11456.6 | 5897.1 | 3936.8 | 3460.5 |
| Real estate operations | 12047.8 | 14999.5 | 18444.4 | 12934.3 | 8046.4 | 7506.1 |
| Professional, scientific and technical activities | 515.7 | 2733.2 | 4102.9 | 2800.7 | 2281.1 | 2108.4 |
| Activity in the field of administrative and auxiliary services | 22122.8 | 17362.2 | 16071.9 | 14764.9 | 12850.6 | 12602.7 |

Source. Created by author. Statistical Source [5].

Industry is one of the most important components of the economic complex. It is a priority and a promising sphere for Volyn region in which the largest volumes of investment are directed. In 2014, foreign investment in industry amounted to USD 182.3 million, 2015 – USD 179.2 million, 2016 – USD 178.4 million, respectively.

There are more than a thousand industrial enterprises in the region. Among them 297 are large, medium and significant small enterprises, where more than 70 percent of workers and industrial production of the region are concentrated. The economic potential of the region are formed by the enterprises of such industries as food, machine industry, woodworking and paper production, production of rubber and plastic products, furniture production, metallurgical production, textile production and clothing production, mining and chemical industries.

In 2016, 76.0 % of the total volume of direct investments was made in industry. Among them USD 86.3 million was addressed to the enterprises of wood products manufacture, production of paper and printing activity; machine industry, except repair and installation of machinery and equipment – USD 41.5 million; furniture production and other products; repair and installation of machinery and equipment – USD 29.0 million; manufacture of food products, beverages and tobacco products – USD 12.6 million; production of rubber and plastic products, other non-metallic mineral products – USD 6.0 million [3].

In 2014, USD 15.1 million foreign investment was received by rural, forestry and fishery enterprises, in 2015 – USD 12.6 million, in 2016 – USD 12.5 million (5.3 % of the total volume) of foreign investments respectively. In the structure of the land fund of the Volyn region, more than half of the territory is occupied by agricultural land – 1080,8 thousand hectares (54 %). Under the forests and forest cover areas there are 697,7 thousand hectares or 34,6 % of the land fund of the Volyn region. Therefore, this branch is a priority area in foreign capital attraction, as evidenced by the stable high volumes of invested funds for many years. The priority directions of development of the agricultural sector of the region’s economy are the production of grain and technical crops, potatoes and vegetables, sugar beets, meat and milk [7].

In the organizations which carries out activities in the field of administrative and auxiliary services, in 2014, USD 14.8 million was invested, in 2015 – USD 12.9 million, and in 2016 – USD 12.6 million, that is 5.4 % of the
total foreign capital. This section includes leasing, rent of tangible and intangible assets, including cars, computers, consumer goods, industrial equipment, customers in exchange for a periodic rent.

The amount of foreign capital attracted to the enterprises engaged in wholesale and retail trade; repairs of motor vehicles and motorcycles dropped significantly in 2016 and amounted to only USD 9.4 million (4.0%). In 2015, this figure amounted to USD 11.0 million, and in 2014 – USD 15.6 million. In the pre-crisis period, in 2013 USD 25.3 million was invested in this area.

In the organizations which carry out operations with real estate in 2016 USD 7.5 million (3.2%) was involved; financial and insurance activity – USD 3.5 million (1.5%) [3]. The volume of capital inflows dropped significantly compared with the previous years.

The share of investment income in construction, transport, professional, scientific and technical activities, and other fields is insignificant.

Priority directions in attracting investments are: development of agricultural complex, creation of new and reconstruction of operating capacities of food and processing industry; machine industry, woodworking, and light industry; construction; protection of the environment and development of social infrastructure; tourism and recreational complex [7].

The districts of the Volyn region are characterized by a pronounced territorial differentiation in terms of foreign investment. Analyzing the data of 2016, one can note the following trend: in Lutsk, 34.4% of the total foreign capital (USD 80.8 million) is concentrated. Significant volumes of foreign capital are invested in Novovolynsk enterprises – USD 105.7 million(45.0%), The leaders in Volyn oblast in terms of foreign investment receiving are Lutsk district – USD 14.2 million (6.1%), Kovel district – USD 11.7 million (5.0%), Kivertsi district – USD 9.9 million (4.2%), Ratno district – USD 5.8 million. 2.5%, and Kovel – USD 4.1 million (1.7%) [6]. The smallest volumes of foreign investments come to the Stara Vyzhva district, Lokachi district and Shatsk district. Placed in a short distance from Lutsk, the Lutsk and Kivertsi districts receive more foreign investment due to their close location to the regional center, which is the core of the region’s economic development. The reasons for the low competitiveness of certain regions of the region are the uneven distribution of economic potential, underdeveloped infrastructure, structural imbalances in supply and demand in the labor market.

The regions of our country differ in terms of foreign direct investment, which indicates that they have different levels of investment activity, there are disproportions in the socio-economic development of the regions, and so on. In terms of volume of foreign investments in the region Volyn region in the years 2015 and 2016 ranked 12th place among 24 regions of Ukraine. For comparison, Lviv region took 6th and 5th place respectively, Rivne region – 17th and 20th place, Ternopil region – 24th and 24th place [6].

As of December 31, 2017, the amount of foreign direct investment per capita was USD 255.9 in the Volyn region, USD 225.9 in 2016. In 2015, this figure was USD 237.6, and in 2014 – USD 260.9 respectively. Consequently, we can track the growth in the foreign capital inflows. For comparison, this indicator in 2017 in Ukraine was USD 925.0 per capita. In the Dnipropetrovsk region this indicator was USD 1182.2 per capita, Odessa region – USD 574.3, Lviv region – USD 472.5, Rivne region – USD145.9, Ternopil region – USD 42.9 [6]. It should be noted that in the comparison with the neighboring Rivne and Ternopil regions the situation in Volyn region is better, but in comparison with the Lviv region and other highly developed regions, Volyn region occupies the last positions. Therefore, it is necessary to implement measures aimed at creating a favorable investment climate and the development of investment infrastructure to ensure the modernization of the economic complex of the region.

The mission of the Strategy for the development of the Volyn region for the period up to 2020 is the creation of the Greater Volyn, the European region of sustainable development and national parks [7]. One of the key tasks for achieving this goal is to stimulate the attraction of foreign investment. This can be achieved by providing the most favorable climate for investors, dissemination of information among potential investors regarding investment proposals of enterprises and organizations of the region, development and implementation of investment projects, implementation of mechanisms of the special regime of investment activity introduced at the state level [7], increasing the efficiency of the foreign investment processes management system at the regional level; realization of measures on innovative development of enterprises of the region, which are forseen to receive investments; establishment of relations between regional economic entities and international investment and financial institutions, regional tourist and recreational complex development [2].

Investment projects and proposals should become the basis for attracting investors. They should cover both the efficient use of the labor and natural resources of the region and the profit received by a foreign investor. Activation of the foreign investments attraction activity should be carried out not only by enterprises, but primarily by local authorities and self-government.
One of the areas of attracting foreign capital is the creation of industrial parks. The purpose of creating such park is to ensure the sustainable economic development of the city through the formation of a single area with a specially equipped infrastructure for the placement of new objects of industry, innovation, logistics and related services. This makes it much easier for investors to access the market in selected areas. In 2017, it the creation of the first industrial park «Novolohynsk» in Volyn region started. Functional designation of this industrial park are mechanical engineering; instrument making; material and technical supply and sales (logistics); light industry (textile, sewing, leather and footwear, leather and haberdashery); agricultural industry (greenhouses); IT cluster (outsourcing) [8].

Conclusions. In the process of carrying out foreign economic activity of Ukraine and its regions, an important role of direct foreign investments is assigned. In the period from 2000 to 2016, there is a tendency to increase revenues in total investments, with the exception of the crisis years 2008–2010 and 2013–2015. The study confirms that the European Union countries are permanent and prospective investors for our region. The key areas for attracting foreign capital in the Volyn region are industry and agriculture, forestry and fisheries. The most attractive investment enterprises are the cities of Lutsk, Novovolynsk, and also Kovel and Lutsk districts.

The current state of foreign investment in the Ukrainian economy wants the best. The deterioration of the investment climate (unstable political situation, the war in the East of Ukraine, etc.) negatively affected investment activity in the regions of Ukraine and the Volyn region in particular. The increase in foreign investment today is a guarantee of the growth of profits of economic entities and household incomes in the future. By promoting their attraction and efficient use, in the future, regional companies will be able to produce high-quality innovative products and be competitive both in the domestic and foreign markets. Only under conditions of political and economic stability, effective measures and reforms implementation, improvement of the investment climate in the Volyn region, which will increase the flow of foreign direct investment, will be possible.

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ОСОБЛИВОСТІ ФОРМУВАННЯ СТРАТЕГІЇ РОЗВИТКУ ЕКОЛОГІЧНО БЕЗПЕЧНОГО СІЛЬСЬКОГО ГОСПОДАРСТВА В УКРАЇНІ В УМОВАХ ЄВРОІНТЕГРАЦІЙНИХ ПЕРСПЕКТИВ

У статті проаналізовано можливі способи створення стратегії розвитку екобезпекового землеробства в Україні та перспективи її ефективного функціонування. На сучасному етапі розвитку землеробства перед сільським господарством України стоять складні завдання щодо визначення шляхів подальшого розвитку в умовах ринкових відносин. Фермерські господарства, орієнтуючись на збільшення прибутку, вирощують культури, на які існує попит, проте нехтують принципами підтримки біорізноманіття. Крім того, деградація земельних угідь унаслідок антропогенного впливу завдає значних збитків та є тягарем для економіки підприємств і країни загалом. Тому актуальним вважаємо формування стратегії розвитку екологічно безпекового сільського господарства в Україні.

Ключові слова: екологічна безпека, екологізація, екобезпека сільське господарство, стратегія розвитку екобезпекового землеробства.

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ОСОБЕННОСТИ ФОРМИРОВАНИЯ СТРАТЕГИИ РАЗВИТИЯ ЭКОЛОГИЧЕСКИ БЕЗОПАСНОГО СЕЛЬСКОГО ХОЗЯЙСТВА В УКРАИНЕ В УСЛОВИЯХ ЕВРОИНТЕГРАЦИОННЫХ ПЕРСПЕКТИВ

В статье анализируются возможные пути создания стратегии развития экобезопасного земледелия в Украине и перспективы ее эффективного функционирования. На современном этапе развития землепользования перед сельским хозяйством Украины стоят сложные задачи по определению путей дальнейшего развития в условиях рыночных отношений. Фермерские хозяйства, ориентируясь на увеличение прибыли, выращивают культуры, на которые есть спрос, однако пренебрегают принципами поддержания биоразнообразия. Кроме того, деградация земельных угодий в результате антропогенного воздействия наносит значительный ущерб и является бременем для экономики предприятий и страны в целом. Поэтому актуальным является формирование стратегии развития экологически безопасного сельского хозяйства в Украине.

Ключевые слова: экологическая безопасность, экологизация, экобезопасное сельское хозяйство, стратегия развития экобезопасного земледелия.

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