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INFLUENCE OF DIRECT FOREIGN INVESTMENT ON THE DEVELOPMENT OF ECONOMICS OF VISEGRAD GROUP COUNTRIES: CONCLUSIONS FOR UKRAINE

Summary
Foreign Direct Investment (FDI) has played an important positive role in the development of national economies of the Visegrad group countries, in their rapid integration into the world economy. The Visegrad group countries on their own experience confirm the fact that the FDI inflow promotes a rapid economic growth on the basis of modernization in conditions of macroeconomic and political stability; the presence of favourable legislative and institutional base, the efficient system of the law usage; the minimal administrative and transaction expenses of realization of investment and enterprise activity; the liberalization of commodities movement, capital movement, resources movement, incomes movement; the presence of various attractions and so on. This article considers the methods and instruments of promoting foreign direct investment in the Poland, Czech Republic, Slovakia, and Hungary. Given the experience and practice of Visegrad countries in attracting investment, this article defines recommendations for Ukraine.

Introduction

«The Visegrad Four» – is an association of four countries – Poland, Czech Republic, Slovakia, and Hungary as a regional union of collaboration in political, economic, and cultural aspects. Tree of these four countries (Poland, Hungary, Slovakia) have common border line with Ukraine and their relations become closer in the present conditions.

Today one can confirm that the development of mutual trade and investment collaboration of «The Visegrad Four» countries has become one of the fundamental reasons for the economic growth and social-economic transformations after the entrance of these countries to the European Union (EU). At the same time, the foreign direct investments have just played an important positive role in the development of the national economies of the Visegrad group and in their rapid integration to the world economics. Together with investment, the foreign companies have brought technologies, knowledge, a modern organizational and management experience to these countries, these companies have raised the competitive ability and the export potential of their national economies.

Therefore, the successful experience of model economic development transformation of the Visegrad countries in the conditions of European integration is relevant, particularly in the aspect of the possibility of its implementation in Ukraine.

Among the domestic investigators who headline in their works various aspects of the FDI movement in the European Union countries, particularly in the Visegrad group countries. And who headline the possibility of utilization of their experience in

Ukraine, are V. Borshtshevskiy, V. Goliyan, I. Zhurba, E. Kish, O. Kolyada, N. Stukalo, S. Tulchinska, A. Filipenko, O. Fedorchuk, V. Yurchishin, and others.

The aim of the work is to investigate the role of FDI in the development of economies of Visegrad group countries in the determination aspect of effective methods of favouring inflow of FDI to a country for the determination of possibilities of their application in Ukraine.

Part 1. The foreign direct investment role in forming models of the economic development of Visegrad group countries

The export became the base of economic growth and the economics got pronounced export orientation (Table 1). Hungary, Slovakia, Czech Republic sector after the entrance of these countries to European Community – much stronger than in the EU-15 countries. At the same time, the EU market became for these countries the basic in the development of export-import operations. So at the present time for the EU – countries in the total export for all Visegrad group countries are accounted about 80%. To this favoured liberalization of economic relations in the European integration process in the 2000-ies, which assured acceleration of the economic growth in the transformation process of national economies of Poland, Czech Republic, Slovakia, and Hungary.

Table 1

Dynamics of export and import orientation of Visegrad group countries

Country	Export/GDP, %			Import/GDP, %		
	1995	2005	2015	1995	2005	2015
Poland	23,0	34,9	49,5	20,7	35,9	46,5
Slovakia	56,7	72,1	93,5	54,6	76,7	91,1
Czech Republic	40,6	62,3	83,0	43,7	60,0	76,8
Hungary	39,2	63,2	90,7	39,3	65,4	81,8

The source: is composed according to the data [1]

The export structure has drastically changed and in this structure has essentially decreased the part of traditional labour-intensive products and there has increased the part of capital-intensive production (Table 2). As the result in Hungary, the Czech Republic, and Slovakia, machines and transport facilities became dominant export position (more than 50% of the commodity export structure, which value is significantly higher than the average index in the EU). A particularly positive is the growth of the number of components for electronic facilities, computers, means of communication, and other high technological commodities with high added value in the export of Hungary, the Czech Republic. In the aspect of the high technological export part (more than 15%), these two countries have outperformed the majority of other European Union countries, in particular, Germany, Austria, Sweden, Finland.

The export enhancing and its structure perfection in these countries were provided thanks to enterprises with foreign capital, and in the first place, it was provided by the affiliated brunches of transnational corporations. Along with this, not all national enterprises could use the advantages of the capacious European market, which can be explained by an insufficient level of competitive ability at the moment of the annihilation of trade barriers and it is also explained by significantly less European Union subsidies namely to new countries as compared with old countries. As a result, there grows import dependence of national economies of the Visegrad group countries (Table 1) in the first place on the European Union countries. This is due to the fact that the basis of development of external trade relations of the European Union countries is an inner-firm exchange where a separate country is specialized in one or several stages of the production cycle.

Table 2

The commodity export structure of Visegrad group countries

Country	The share of machinery, transport equipment, %			The share of high-tech goods, %		
	1999	2007	2013	1999	2007	2013
Poland	30,3	40,9	37,5	2,0	3,0	6,7
Slovakia	39,1	52,8	56,9	3,3	5,0	9,5
Czech Republic	43,,2	54,2	53,8	5,0	14,1	15,0
Hungary	57,2	61,9	52,8	4,8	21,3	16,1

The source: is composed according to the data [1]

From the very beginning of the transformation of economics of the countries of the Central Europe and of the Eastern Europe in the 1990 years an important role was assigned to the foreign direct investment in the economic development acceleration, in increasing internal investment, in decreasing a gap between the countries of the Central and Eastern Europe (CEE) and the developed countries of the Western Europe, to the assistance of the transferring of technologies and so on. For achieving this aim, the governments of the Central and Eastern Europe countries have conducted a variety of juridical changes (the abolishing of permission of foreign investment, limitation of the part of foreign investors in the firm capital; there was given the right to buy the immovable property for business activities (except the lands of agricultural destination); there was guaranteed a free transfer abroad of the profits, incomes, salary after payment of taxes and others), there were liberalized the regimes of trans-border movement of capital, there were abolished the limitations for the activities of foreign enterprises, including the financial sphere. A great attention, besides that, was given by the governments of these countries to the improvement of the investment climate and to increase in the investment attraction, which was assured by simplification of the registration of procedures of business activities, by decreasing of the tax burden, by direct financial aid and so on. The enhancement of stimulations for foreign investors sometimes led to the situations when ***business entities*** with foreign capital functioned in more attractive conditions than national entities. So in Hungary at the beginning of 2000-ies years, the tax burden of the enterprises with foreign capital was three times than for national ones [2].

For Visegrad group countries falls more than 70% of the foreign direct investments, which were attracted by the countries of the Central and Eastern Europe, which is a result of the appropriate politics of the attraction of the foreign investment from the side of the governments of these countries. Czech Republic, Hungary, Slovakia are leaders in the aspect of FDI accumulated per head of population, they have the level of importance of foreign direct investment in economy higher than the middle level among the EU countries. All Visegrad group countries as the majority of the countries of CEE have a great dependence of the economy from FDI. Particularly, foreign enterprises of Hungary assure 52% of the total added value of non-financial enterprises, which is the greatest index among all the countries of the EU. Czech Republic, Slovakia, Poland also have a critical index of (35-40%), and that is why experts warn these countries about possible negative consequences for their national economies [2, p. 34].

More than a half of FDI accumulated by the countries of CEE were directed to the sphere of trade, services, and about 40% were directed to processing industry and to other spheres were directed about 5%. The greatest receiver of direct foreign investment is automobile industry, and practically all world representatives of the automobile industry are headquartered in the Visegrad group countries (the first place of the region in the production of the passenger automobiles – Czech Republic, the second place – Hungary, the third place – Poland). The greatest volume of non-production foreign direct investment falls to bank sector – and, in the result, the part of foreign capital in the national bank systems of the CEE countries has exceeded 80%.

Let us note that the foreign direct investment dynamics of the Visegrad group countries has common features. First of all, these countries were attractive for foreign investors from the point of view of privatization processes (1/3 of foreign direct investment attracted at 2008 year [4]) and these countries had unsaturated markets, relatively cheap but high-skilled manpower, relatively well-developed infrastructure, geographical proximity to the West European countries, which became the main investors (about 80% from the European Union – 15), the absence of political risks. Besides that, the positive influence on FDI gave the openness of these countries to international trade and, as a result, a great dependence of these countries on foreign capital. At the same time, expenses for R&D in these countries are about 1,2% of the gross domestic product, which is significantly less than average index in the European Union (near 2%).

In 2013 year in all countries of this group, the number of projects, which are financed at the expense of FDI, the volume of inflow of foreign direct investment has decreased what can be explained by the diminution of the number of investment decisions of Western Europe automobile producers and the number of the centres of common service. Besides, the outcome of Europe from the economic recession has raised the investment attractiveness of the innovation branches, the production of commodities with high added value (the software markets, business services), pharmaceutical branch, and scientific-research organizations. Investors have minimized the high level of salaries in the production what has decreased the number of places of work along with increasing the number of investment projects in industrial production. And all this took place not in favour of the Visegrad group countries. The comparison of periods of 2004-2008 years and 2009-2013 years permits to determine that the countries of Central and Eastern Europe have attracted significant foreign direct investment at the beginning of 2000 years but they have lost these investments after the crisis: the number of investment projects in the countries of the Central and Eastern Europe has decreased during five years after crisis by 12%, at the same time in Western Europe countries, these investments have increased by 19%.

The general analysis of the role of FDI in the development of economic models of Visegrad group countries allows generalizing the following:

- FDI have become the main factor of the economic growth of countries in the transformation period, these investments helped to create new places of work, they helped to raise productivity and effectiveness of production, they helped to enhance modern technologies and so on. Along with that, there was formed a stable dependence of economic development of these countries on the inflow of FDI and, respectively, from foreign market conditions. Taking into consideration that the principal part of FDI comes from the European Union countries, there has increased the dependence namely from conjuncture of economic of the European Union countries. At the same time, thanks to FDI coming from the EU countries, the

European integration of Visegrad group countries took place more quickly and more effectively.

- FDI promoted the growth of production, in the first place, at the enterprises with foreign capital. Along with this, a significant number of domestic enterprises could not sustain competition and stopped their activity. In its turn, it increased the problem of employment of low-skilled labour power, which as a rule is busy namely at small traditional domestic enterprises.
- FDI have elevated the Balances of Payments of these countries, they promoted increasing of inflows to state budgets of incomes from privatization, rent, taxes. However, the long-term effect of FDI is multiple-valued. What concerns the Balances of Payments, then, for example, with the time grows the dependence of Balances of Payments from the usage by foreign investors of their incomes, which incomes, as a rule, in conditions of non-stability are quickly removed from the country of their basing. Besides that, the foreign investors more often use imported complete units of the machine. What concerns the second part of the recited first phrase, the transnational corporations have more possibilities of using legal tax planning, what along with tax encouragements of foreign investors leads with time to relative decreasing of inflows to the State budget.
- FDI were oriented to the development of production of machine building and facilities, automobile building, telecommunications, of transport and others what has significantly improved the technological structure of production. But along with enhancing of an inner-firm model of production organization, it increased the production specialization of national economies (primary – automobile building); particularly it concerns Hungary, Czech Republic, and Slovakia. One cannot affirm that FDI promoted technological modernization of these economies. There were technologically renewed predominantly enterprises with foreign capital and not with domestic capital.

In the rating «Doing Business 2016» Poland occupies the 32nd place, Slovakia – 37, Czech Republic – 44, Hungary – 54 from 189 countries. For a comparison: countries-leaders of Western Europe, particularly Great Britain occupies the 8th place, Germany – 14, France – 31 [4]. According to the global competitive ability index, Czech Republic occupies the 31st position, Poland – 41, Hungary – 63, Slovakia – 67. In comparison, Germany occupies the 4th position, Great Britain – 12, France – 22 [5].

So, the inflow of foreign capital to real sectors of the economies of Visegrad group countries in a combination with cheap and highly skilled labour power promoted increasing efficiency and productivity of manufacturing outputs. But in a long-term perspective, the usage of such strategy as economic growth factor is not already of importance because the Visegrad group countries have already achieved their limiting level. For raising the competitive ability of national economies of the countries of this region, there are already not enough the high indexes, which they have achieved in the system of higher education, in the presence of effective commodity market, the labour market, the developed financial market. The further growth of competitive ability can be achieved only by the condition of transition to the economy, which is founded on knowledge, on increasing of the part of science absorbing industries in the industry structure. According to report «The global competitive ability», the Czech Republic and Slovakia have succeeded to pass from the stage of economics «which is moved by effectiveness» to the stage «which is moved by innovations». At the same time, Poland and Hungary are between these two stages.

The shortcoming of Visegrad group countries is an insufficient level of the development of national innovation systems and also of creation of new knowledge and creation of new technologies based on this knowledge. Another shortcoming, which decreases the value of their index of knowledge economies, is not very high level of development of information-communicational infrastructure, which level promotes an effective enhancement and processing of information. According to the index of knowledge economies, Czech Republic occupies the 26th place, Hungary – 27, Slovakia – 33, Poland – 38. By that, Germany occupies the 8th position, Great Britain – 14, France – 24 [6].

The Visegrad group countries are the region with a very high level of human development – the average index for this region is – 0,84 [7]. Poland has joined the «TOP-10 countries according to the number of direct foreign investment projects» and has occupied the 7th place (in the 2014 year – 132 projects, in the 2015 year – 211), and the leading positions occupy Great Britain, Germany, France. In «TOP – 10 countries according to the number of created places of work within the confines of FDI» Poland occupies the second place, Hungary – 6th place, Slovakia – 9th place [8]. According to such important indexes as transparency index and investors' protection index, Poland is an absolute leader (Table 3).

Table 3

Indexes of transparency and investors protection in the Visegrad group countries

Indices	Czech Republic	Hungary	Poland	Slovakia	Germany	USA
Transparency agreement	2,0	2,0	7,0	3,0	5,0	7,0
Protecting investors	5,0	4,3	6,0	4,7	5,0	8,3

The source: is composed according to the data [9]

Altogether, let us note that inflow of FDI has a great influence on the social-economic development of the countries of this region. The direct result became the increasing of investment activity, of production, of export in this region. An indirect result of investment inflow is a raising of competitive ability of local enterprises, and also a raising of business struggle among them. FDI promoted, from the one side, the increasing production possibilities and, from the other side, technological and management transfer, improvement of knowledge about external markets, and also integration in production chains of great corporations. Altogether it led to economic growth and rising of the position of these countries in international ratings.

1. Methods and instruments of promoting foreign direct investment to the Visegrad group countries

The State has played and plays an important role in attracting foreign investment in all Visegrad group countries. For this aim, the State today uses various measures of promoting of FDI inflow, the basic of which is generalized in Table 4. As a rule, the State support level is defined by investment volume and by the number of places of work, which are created by the project (it is foreseen by corresponding instruments of legislation).

Table 4

Measures concerning the promotion of foreign direct investment inflow to the Visegrad group countries

Country	Measures
Czech Republic	− Liberation from corporation tax for ten years; − Liberation from tax on wealth in special industry zones for five years; − Monetary donation in the amount of 10909 Euro for creation of new places of work; − Donation for training and retraining of work force in the amount of 50% of training cost; − Monetary donation on capital expenses, which are connected with strategic investment; − Provision of production areas with ready infrastructure on favourable terms; − Free of charge, privileged transfer of the State property for industrial zones development; − Subsidization of rates of interest; − Grants.
Hungary	− Tax privileges for 10 years term for investment, which correspond to defined conditions; − Monetary donation for researches, which are conducted in collaboration with Hungarian Academy of Arts and Sciences, with its scientific-research institutes, with its State (or private) scientific-research centres, which belong directly or indirectly to the State; − Donation of privileged credits; − Monetary donation for the creation of new places of work (maximally 3 million euro but this amount depends on the number of created places of work); − Donation for training and retraining of work force; − Individual strategic contracts with great investors; − Industrial parks; − Grants.
Poland	− Liberation from corporation tax; − Liberation of immovable property taxes (on the basis of permission of municipal council); − Implementation of various privileges in the domain of researches and developments within the limits of scientific centres; − Donations for projects, which are realized on the territory of special economic zones but not greater than 15% of investment cost, and for projects, which are realized out of these zones – up to 30% (it depends on the investment amount and the number of created places of work – the minimal volume of investment – 160 million zlotys, the minimal number of new places of work – 50); − Monetary donation for the creation of new places of work; − Donation for training and retraining of work force; − Liberation from rent charge on immovable property; − Information, consulting support concerning searching for foreign partners; − Juridical, administrative help to foreign partners; − Supporting market-exhibition activity.
Slovakia	− Taxes lowering by 100% (full liberation of tax payment) for ten years; − Financial grant for transfer by investors of immovable property from the other land; − Monetary donation for buying premises and equipment; − Monetary donation for the creation of new places of work; − Donation for training and retraining of work force; − State support for the creation (issuance) of ownership rights.

Source: composed by the author

At the first stage, the important step for attraction of FDI to the Visegrad group countries became the privatization of the state enterprises and the basic tasks of this privatization were: acceleration of the privatization process, assuring long-term stable development of the enterprises, enhancing the access to new technologies, integration to the world economy and so on. The governments of these countries, as a rule, promoted privatization of state enterprises by foreign investors, the limitations could concern only access to particular branches, particularly bank sector, energetics, telecommunication sphere, gas industry. In total, one can note that state enterprises, which were privatized by foreign investors in comparison with domestic investors had better financial results, long-term strategic perspectives; they have significantly improved corporative control and management; they have more actively renewed, modernized actives and they have used them more efficiently; they have lowered power consumption; assured higher payment of labour and so on.

Further important mechanism of promoting FDI in the Visegrad group countries became the creation of special zones, as a rule, in depressed regions, to which at the expense of using various attraction measures foreign investors are attracted.

In the Czech Republic, the State from the 1998 year supports the functioning of regimes of «Strategic industry zones» in uninhabited regions of this country. From this moment, the support was given to 105 industry zones where 71% of the country population is occupied. In these zones, there are registered more than 600 great companies, which have created more than 100 thousands of new places of work. The industry zones development is realized by the Ministry of industry and trade of Czech Republic, by the Investment Agency «CzechInvest» and also by the regional and local authority. «CzechInvest» promotes investors for increasing the localization degree of enterprises and the capitalization degree of the companies, which work on the territory of this country; it also promotes creation of new places of work and raising the skill of the personnel, it promotes increase of export potential of the national industry and economic development of the regions of Czech Republic. The general support from the State Budget was for the 2015 year more than 12 billion of Czech crones. From the 2008 year, the State support for industrial zones decreases. In the 2015 year, «CzechInvest» has realized monitoring of 33 «industry zones, which were supported». In the future, the creation of new zones is not planned [10].

At the present time in Poland, there exist 14 special economic zones (the majority of these zones have sub-zones), the term of activity of which is limited to the 2016 year. The main task of the functioning of these zones is the activation of business activity (economic activity) in depressed regions with high unemployment level by means of attraction of foreign investors [11]. The main conditions of conducting business within the limits of a special economic zone is that the investment volume must exceed 100 thousands euro (the own capital part of enterprises must not be less than 25%); capital investment must be disbursed during the term, which is not less than five years, for small and medium-sized enterprises – three years; the created places of work must be supported and preserved during the term not less than five years from the day of hire of labour, for small and medium-sized enterprises – three years [12].

Before joining the European Union, Hungary used special economic zones (SEZ) for the attraction of foreign investment (Audi, IBM, Opel, Alcoa). Before the 2004 year, on their territory was produced more than 1/3 of processing industry products and was realized 46% of the export of the country. But after joining to the European Union, the government of Hungary has refused from the usage of the special economic zone regime (what contradicts to the European Union regulations) and has established the usual regime. Hereafter this mechanism was replaced by politics of individual approach to investors. In last years, there is actively enhanced the practice of industrial parks development [10].

In Slovakia in the 2013 year, the special economic zones have stopped their functioning. The government has refused from direct supporting of foreign investors and it has focused its efforts on helping the investors in the registration of ownership and on creating the infrastructure (industrial parks), which is necessary for the attraction of investment. The Ministry of Economic of Slovakia and the MH Invest company, which is its property, are occupied with building and projecting of industrial parks with the aim of supporting of development and competitive ability of Slovakia's regions, with the aim of improvement of business environment and with the aim of increasing the number of places of work. Refuse of the direct support of foreign investors has decreased the investment attractiveness of this country.

All countries have special executive institutes concerning the realization of the State investment policies and these institutes are functioning as on the level of the State so on the level of local authorities and they use the funds of the State and the funds of the European Union.

The main fund in Hungary is the Economic Development Fund, one of the main tasks of which is promoting capital investment of the small and medium-sized Hungarian enterprises at the expense of giving them preferential credits. It should be noted that supporting of the less developed regions is realized by way of stimulation of investment according to the territorial principle.

The main institute of the State FDI in Poland is the Poland Agency of Information and Foreign Investment, the main tasks of which are searching for foreign investors and giving them a support in realizing activity in the Polish market; the helping of investors in overcoming of all administrative procedures, which are connected with projects realization and also support of firms; helping in searching business partners, suppliers, and also partners in negotiation processes; organizing of foreign exhibitions, which present Polish achievements in technologies, in production and so on. The financial support is realized according to a long-term program affirmed by the government.

The main role in the realization of the State investment politic in Slovakia is charged to Slovakian Agency of investment and trade development, which is the State budget organization, and which is created under the Ministry of Economy. The main tasks of this organization is the propaganda of enterprise environment and the advantages of investment in Slovakia, attraction of investors, enterprisers into industrial parks, the support of export-import operations, the support for growing the competitive ability of Slovakian commodities, consulting of Slovakian and foreign investors, information of the world business-environment about business activity in Slovakia and so on [12].

The basic directions of the functioning of «CzechInvest» as the main investment Agency of the Czech Republic is a preferential taxation; rendering of production areas with ready infrastructure at beneficial conditions; promoting (stimulation) the creation of new places of work and retraining of the staff; giving of donations for realization of production activity and so on.

So in all the Visegrad group countries, there is successfully realized the State policy of attraction of foreign capital and the main priorities of this politic are decreasing of misbalance between developed and backward regions; the diminution of social differentiation of population according to the regions; technical modernization of production; raising of labour productivity, energy efficiency;

development of infrastructure and other. By that, there are used as direct so indirect methods of FDI support. The financial support, as a rule, is assured at the expense of State budgets funds and funds of the European Union.

Part 2. Foreign direct investment in Ukraine and improvement of their attraction policy

The economy of Ukraine is in the difficult economic situation. As the reason of this difficult situation has served the occupation of Crimea, the aggressive policy of the Russian Federation, and military actions in the East of Ukraine. That is why the question of creating favourable conditions for business-climate development in Ukraine remains one of the most actual.

The volume of attracted foreign direct investment in the 2016 year into the economy of Ukraine was 2,098 billion dollars (without taking into consideration the Autonomous Republic of Crimea, Sevastopol, the zone of conducting of anti-terroristic operation) what is by 29% less than in the 2015 year (2,96 billion dollars). The sum of accumulated investment for 31.12.2015 was 44,8 billion dollars. For comparison: in Slovakia – 48,2 billion dollars, in Poland – 205,65 billion dollars, in the Czech Republic – 113,1 billion dollars, in Hungary – 92,1 billion dollars [13].

The inflow dynamics of FDI to Ukraine from the 1991 year demonstrates the absence of regularities what can be explained by the absence of social-political and financial-economic stability (Fig. 1).

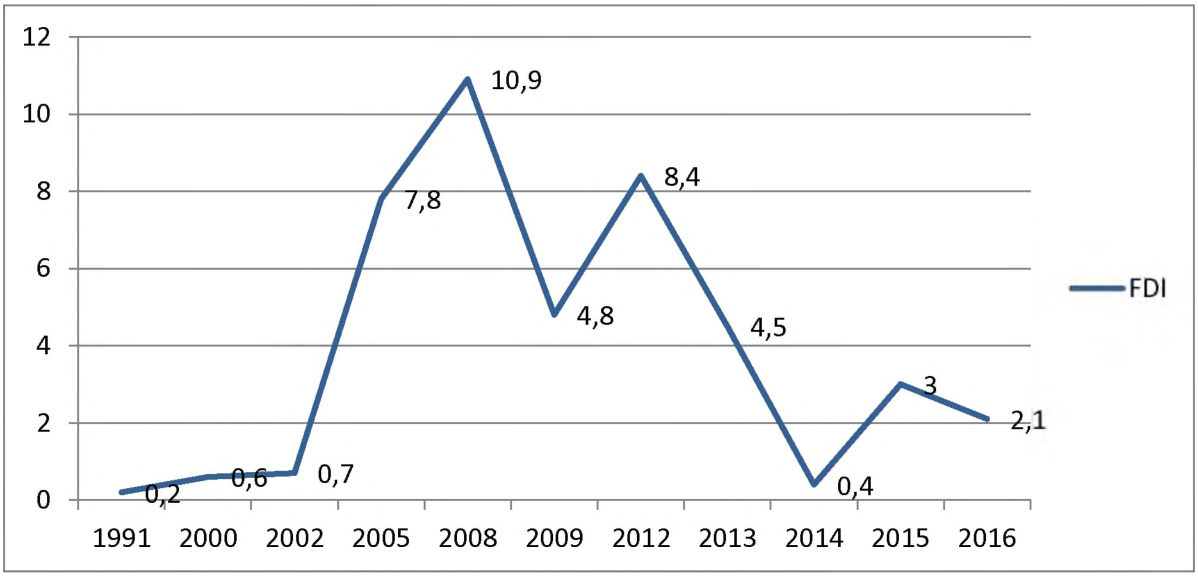

Fig. 1. The inflows dynamics of foreign direct investment to Ukraine

Source: composed according to the data [13]

The leading spheres of economic activity according to the volumes of investment attraction remain: industry, building, information, and telecommunications. The total volume of FDI from Ukraine to the economy of the world countries is 6,2 billion dollars.

The Visegrad-Ukrainian investment collaboration appears as one of the priority directions of the present foreign economic policy of Ukraine and the partnership with these countries is the natural direction of development of integration politic for the country. In Table 4, the volumes of FDI of Ukraine and the Visegrad «quaternion» countries are presented.

Table 5

The volume of FDI of Ukraine and the Visegrad group countries in 2015

Country	To Ukraine	From Ukraine
Czech Republic	104,97	22
Hungary	625,4	12,2
Poland	785,9	50,1
Slovakia	75,1	*

* The information concerning the Ukrainian investment volume is confidential according to the law of Ukraine «On the State Statistics».

Source: composed according to the data [13]

The data of Table 4 witness that the greatest inflow of investment in the 2015 year to Ukraine is observed from Hungary and Poland. It should be noted that before the 2014 year in Ukraine, there was observed the increase of foreign investment from all countries, which are participants of the Visegrad «quaternion» countries. The greatest part of the investment is directed to industry (32%), financial and insurance activity (35%), wholesale and retail trade, repair of auto-transport means (facilities) and motor-bicycles (9%).

The Visegrad group countries do not belong to the main investor countries of Ukraine. 83,0% of the total direct investment volume fall to such countries as Cyprus (11,7 billion dollars), the Netherlands (5,6 billion dollars), Germany (5,4 billion dollars), Russia (3,3 billion dollars), Austria (2,4 billion dollars), Great Britain (1,85 billion dollars), Virgin Islands (1,7 billion dollars), France (1,5 billion dollars), Switzerland (1,3 billion dollars), Italy (972 billion dollars) [13].

Practically all investments at the present time come to the principal city. The investment volume to Kyiv in the 2015 year was 93,9% of total FDI. It does not promote a uniform social-economic development of the regions and it intensifies the further gap of social-economic development between the principal city and other regions.

The investment climate analysis in Ukraine allows determining such main reasons, which prevent the attraction of foreign investment to the country:

- imperfection of rules and regulations;
- high level of shadow economy (38% in the 2016 year);
- high level of corruption;
- low level of confidence to Ukrainian government;
- the absence of satisfactory guaranteeing and insurance from investment risks;
- low level of investment liberty (the investment liberty index 20% in the 2016 year by the average world index 50%);
- low level of economic liberty (162 place from 178 countries of the world);
- high inflation level;
- non-stationary course of the national currency;
- high level of distrust to judicial system (to justice system) (7,5/10 points);
- complicated tax administrating and unstable legislation(5/10 points);
- low purchasing power of population (3,9/10 points);
- high level of financial-economic uncertainty;
- social-politic instability.

So despite conducted reforms in 2014-2016 years, there still exist many obstacles for the attraction of FDI to Ukraine.

By the program «Strategy 2020» it was foreseen the assuring of the net inflow of foreign capital to the country in the volume of 40 billion dollars during five years. It has foreseen the following changes:

1. The secured in legislation guarantees of activity for investors: to foreign investors there will be applied the national regime of investment activity (equal conditions with domestic investors).
2. For foreign investment protection, there was ratified Washington Convention of 1965 year «On the Settlement of Investment Disputes between States and Nationals of Other States».
3. There were signed and ratified intergovernmental agreements about promotion and mutual protection of investment with more than 70 countries of the world.
4. There were introduced changes to the legislation, which is connected with the improvement of licensing, of administrative services, creation and liquidating of business, with the state supervision and control, with technical regulation, with forming custom procedures [14].

But, as the reality witnesses, these measures are not sufficient. That is why there was proposed a bill about the introduction of fiscal reliefs. It was planned to dismiss the participants of special industrial parks from tax payments for the term of five years, and during the next five years – 50% of the sum of taxes. But this Law was not adopted, though the experience of the Visegrad group countries witnesses about the positive experience of introducing of fiscal reliefs for investors, particularly, at the first stage of reforms and in conditions when exists the necessity of assuring a rapid economic growth, a growth of employment and so on.

The changes in legislation for investment climate improvement, as the practice shows, are not sufficient. The Visegrad group countries on their own experience confirm the fact that the foreign investment inflow promotes a rapid economic growth on the basis of modernization in conditions of macroeconomic and political stability; the presence of favourable legislative and institutional base, the efficient system of usage of the law; the minimal administrative and transaction expenses of realization of investment and enterprise activity; the liberalization of commodities movement, capital movement, resources movement, incomes movement; to the presence of various attractions and so on. Only assuring of all these conditions will allow using such competitive advantages of Ukraine in the international investment process as high-skilled and high-educated manpower, nature-climate conditions, geographical situation, unsaturated distribution markets, and other.

Conclusion

FDI has played an important positive role in the development of national economies of the Visegrad group countries, in their rapid integration into the world economy. Foreign investors have created additional places of work, have assured dynamical economic growth, the raising of industrial production, and have raised the technological level. Along with investment foreign companies have brought to these countries technologies, knowledge, modern organizational and management experience, have raised the competitive ability and export potential of their national economies.

According to results of analysis of the role of FDI in the development of economies of the Visegrad group countries, one can make the following recommendations for Ukraine:

- to assure effective institution environment for the inflow of FDI;
- to assure favourable business environment for the inflow of FDI;

- to assure social-political, macroeconomic, financial stability;
- to assure restoration and raising of the trust to the power institute, to its politics, in particular, the realization of investment politics;
- to realize the principle of equal rights for domestic and foreign investors;
- to promote the inflow of FDI in the branch of critical import, in strategic branches, for solving the problems of reindustrialization, for the infrastructure development, and others;
- to establish the open system of the state grant support of investors, including foreign ones;
- to assure the infrastructure development, including at the expense of creation of industrial parks, the attraction of financial aid of the European Union funds;

to establish the promotion system for investors, the activity of which is directed to the development of depressed regions and branches, increasing employment, infrastructure improvement, implementation of modern technologies, the technical modernization, the income reinvestment and other (tax preferences, grants, juridical support, information support, consulting support of investors and other).

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