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THE GROWTH OF UKRAINE'S ATTRACTIVENESS FOR MULTINATIONAL COMPANIES IN EUROPE AND THE US

The modern MNCs were formed mainly in Europe, particularly in Belgium (Cockeril), Germany (Bayer), Switzerland (Nestle), France (Michelin) and UK (Lever) in the 19th century and applied FDI strategies in order to overcome the difficulties in exports resulted from tariffs. The aim of MNC is to get capital where it is cheapest and produce where they get the highest rate of return.

The largest number of MNCs are based in the U.S. Many of them are among the Fortune Global 500. MNCs rely upon infrastructure, both soft and hard, to establish and sustain healthy business environments in any given location. Hard infrastructure is the reason most MNCs are based in the U.S. and Western Europe. This consists of roads, bridges, ports, buildings and any structures falling under the heading of public works. Because hard infrastructure impacts transportation, its absence negatively affects the supply chain potential and the ability of MNCs to physically move materials and goods from place to place. Hard infrastructure is closely related with soft infrastructure and both are impacted by politics and economics. MNCs view their existence as trade facilitating indicators, necessary for investing and doing business in that country. The U.S. and Western Europe possess highly developed soft infrastructures and financial markets that enable companies located there to raise large amounts of money at a low cost. The presence of advanced technology and sophisticated management techniques is also an enormous advantage to these companies.

Most of the multinationals which are presented in the Ukrainian market are specialized in the food industry and trade. These branches provide rapid circulation of capital and low commercial risks. Large industrial concerns, such as, Westinghouse, Exxon Mobil, are absent in Ukraine, with the exception of Mittal Steel. The influence of MNCs on Ukrainian enterprises must also be assessed from the positive and negative side. A positive feature of their activity is the revival of competition and the quality of domestic products improvement. MNCs play an important role in promoting international standards in production of goods and services and the training qualified staff. All of this leads to the productivity growth. Their work makes domestic firms invest in developing new technologies to reduce costs and to compete for the consumer. The negative feature is the reducing of output or closing of domestic enterprises which can not compete with powerful multinationals in volume of capital.

Around a quarter of the world's black earth soil, considered to be the most fertile agricultural land in the world, is in Ukraine. It is also developing an IT outsourcing sector that could rival India in the near future. Indeed aggregate sales in this sector have grown by a multiple of 20 since 2013.

Now that reforms are underway, the investment landscape will improve. Ukraine's coalition government has embarked upon the reform agenda. Buoyed by the recent comprehensive free trade agreement signed with the European Union, the government has introduced legislation aimed at tackling the core issues foreign investors frequently refer to, namely the threat posed by corruption, red tape and bureaucracy. GDP returned to growth. Meanwhile Foreign Direct Investment (FDI) is on the rise. Some \$1.36 billion was invested in 2016, more than in any previous quarter following the revolution in 2014. The survey data is also cause for optimism – 87% of respondents expect FDI will increase in Ukraine in the next five years.

Agribusiness is a core pillar of Ukraine's economy so it is no surprise that investors find this industry attractive. Historically known as the “breadbasket of Europe”, around 25% of the world's highly fertile black-earth soil is in Ukraine. The country is also the world's largest exporter of sunflower oil and the second largest exporter of grain behind the US. The ports & shipping sector is attractive for two reasons. Firstly it is crucial to export the country's agricultural produce. Second, Ukraine's 13 sea ports, excluding the five ports annexed in Crimea, are in dire need of modernisation. According to the State Property Fund, 70%–90% of the port infrastructure is outdated. Foreign investment is needed to upgrade the ports so they can accommodate larger vessels and therefore boost exports. A large number of investors are targeting Ukraine's IT sector – 32% mentioned that IT is one of their top three targeted sectors and 21% said it was their core focus. This is unsurprising given IT is one of the country's fastest growing industries. According to Ukraine's Ministry of Economic Development and Trade, IT outsourcing sales have increased by a multiple of 20 since 2003. IT services also represent 40% of all exports to the US.

Ukraine is a challenging market, but it can be very rewarding. It is emerging as a hidden gem for international investors targeting high returns in a strategically important location next to the major European markets. While the risk posed by corruption, complex legislation and the conflict in the east of the country should not be underestimated, these challenges can be overcome with careful planning and advice from local experts.

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ВІТАЛІЙ КРИВОУС

СВІТОВА ЕКОНОМІКА НА ШЛЯХУ ПОДОЛАННЯ СОЦІОКУЛЬТУРНИХ ВИКЛИКІВ: ДОМІНАНТИ УСПІХУ

Світова економічна система на початку ХХІ століття демонструє розмаїття галузевої та відтворювальної структури, асиметрію економічного зростання, яка проявляється в дисбалансі розвитку як окремих країн, так і сфер економіки, що, в кінцевому результаті, провокує загострення економічних інтересів на глобальному і регіональному рівнях, а також незадоволення в контексті фокусування досягнення перспектив рівних можливостей в моделі «держави добробуту». В економіці генеруються нові пріоритети розвитку (інтелектуалізація зі здатністю до постійних інновацій, соціалізація з можливостями самореалізації, екологізація виробництва та середовища життєдіяльності), реалізувати які на сьогодні здатні лише країни-глобальні лідери в результаті багатолітньої експансії на світовому ринку з капіталізацією його прогресивних і найприбутковіших сегментів [1].

Нині світ розвивається за траєкторією песимістичного сценарію глобального розвитку, який набуває негативного інтегрованого ефекту, що поширюється не лише в периферійних, а й в постіндустріальних країнах. На жаль, це підтверджують численні міжнародні урядові і неурядові організації у