➢ lack of an effective insurance system (insufficiently developed state insurance mechanisms of foreign investments);

➢ insufficient state funding of domestic research institutions;

➢ lack of its own system for assessing the investment climate of the country and its individual regions;

➢ low level of protection of the rights of potential investors;

➢ unreliability of the banking system (Ukrainian banks have lost the trust of foreign creditors, and also, most importantly, the trust of the population; lending to legal entities and individuals by banks is limited, the volume of deposits on Ukrainian bank accounts has significantly decreased);

➢ shortage of experienced and qualified specialists in project management;

➢ low standard of living of citizens and reduction of their purchasing power due to inflation processes;

➢ lack of practical experience, weak development of venture capital infrastructure of Ukraine.

As a conclusion, it is clearly seen that foreign direct investments have a positive impact on the economy at all, and on Ukrainian one as well, but there are some problems in Ukrainian politics (economical politic, legal politic etc.) which are not quite prospective for foreign investors and are not adapted for their development.

References:

1. Харчук С. А. Стан інвестиційної діяльності підприємств України в умовах економічної нестабільності. Журнал «Економіка та держава». 2020. №1. С. 66- 72.

2. Офійний сайт Державного комітету статистики України. Режим доступу: http://www.ukrstat.gov.ua/ (дата звернення: 04.05.2020).

Qin Junyi
Jiuquan Vocational technical College
China

THEORITICAL FRAMEWORK OF FOREIGN DIRECT INVESTMENT OF MULTINATIONAL CORPORATIONS

Foreign direct investment is the symmetry of foreign indirect investment, which refers to the outflow of a country's international direct investment, that is, the investment made by investors to directly establish and operate enterprises in foreign countries. Foreign direct investment can be divided into:

1. Participate in capital, only participate in a small amount of investment, do not participate in business operations, and dispatch technical personnel and consultants to serve as guidance when necessary.
2. Start a joint venture. Both parties will jointly invest and dispatch personnel with representative rights to participate in the operation. In order to protect

their own interests, some developing countries have legislative restrictions on the proportion of foreign capital in joint ventures.

3. Acquisition of existing enterprises.
4. Open a subsidiary (or branch), funded by the head office, and open an independent business enterprise according to local laws.

Foreign direct investment generally shows that investors export capital, directly open factories abroad, set up branches, or buy local original enterprises, or cooperate with local governments, groups, and private enterprises, and obtain the right to directly manage various enterprises. Foreign direct investment helps the invested country to solve financial difficulties, introduce advanced technology, expand export trade, and increase employment opportunities, so it is widely accepted.

Since the 1950s, the rapid development of multinational corporations and their foreign direct investment has attracted widespread attention from Western scholars, and has formed monopoly advantage, comparative advantage theory, international product cycle theory, oligopoly behavior theory, market internalization theory and international Various academic schools, such as the production trade-off theory, aim at explaining and expounding the foreign direct investment behavior of multinational corporations. With the acceleration of economic globalization and regional economic integration, international direct investment plays an increasingly important role in countries, regions and even the global economy. Cross-border direct investment has now become one of the important factors driving the growth of the world economy. It is impossible for any country to seek development only by relying on its own resources, capital, technology or market. It has become an inevitable choice to go international. Since the 1980s, with the major changes in the international economic structure, countries have gradually loosened the controls on their own foreign direct investment while encouraging the inflow of foreign capital, and actively adopted measures to encourage foreign direct investment activities. The theory poses new challenges and, on the other hand, demands for empirical research on foreign direct investment [1].

The theory of foreign direct investment by multinational corporations can be roughly divided into two categories: developed countries and developing countries in terms of its application[2]. The theory of foreign direct investment by developed countries is the mainstream theory in the field of international direct investment theory, including Hymer's monopoly advantage theory, Vemon's product life cycle theory, Buckley and Casson's internalization theory and Dunning's international production trade-off theory. At present, most theories of foreign direct investment by multinational companies are based on the practice of multinational companies in developed countries such as the United Kingdom and the United States. They can explain the basis, motivation, advantages and characteristics of foreign direct investment by multinational companies in developed countries, but they cannot be used to explain the developing countries. The overseas investment behavior of national multinational corporations. With the continuous emergence of multinational companies in developing countries, especially in newly industrialized countries, how to explain this phenomenon and make suggestions for how multinational companies from developing countries can participate in international competition has become another important theory in the field of foreign direct investment of multinational companies[3]. Important research contributions in this field are Wells' small-scale technology theory, British economist Lall's theory of technology localization, Cantwell's theory of technological innovation and industrial upgrading, etc.

Each theory is produced in order to solve related problems in a specific economic environment and stage of economic development. The same is true of the theory of foreign direct investment. Its development background is the rapid development of global foreign direct investment, which appeared to provide theoretical guidance for foreign investment [4]. The foreign direct investment theories of both developed and developing countries are the results of summarizing the laws and characteristics of foreign direct investment activities in specific countries from a specific perspective. These theories can provide useful reference for a country's transnational business activities, and have their scientific, rational and explanatory power to a certain extent; however, no one theory can be the only rule guiding the transnational business activities of a country's enterprises. Therefore, they are also somewhat one-sided. Multinational corporations must develop a theoretical framework suitable for guiding the transnational operation of Chinese enterprises on the basis of drawing on the rational core of existing theories.

References:

1. Han Shuanglin, Ma Xiuyan. Securities Investment Dictionary: Heilongjiang People's Publishing House, 1993.

2. Li Mei. The effect of technological progress on foreign direct investment: Based on empirical research from 1985 to 2008. Economic Management, 2010 (12): 40-48.

3. Wang Qi. The effect of foreign direct investment on the industrial structure adjustment of the investing country and its transmission mechanism. International Trade Issues, 2004(05): 73-77.

4. Liu Hongzhong. Empirical Research and International Comparison of China's Foreign Direct Investment. Shanghai: Fudan Humanities Press, 2001.