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DOI <https://doi.org/10.26661/2414-0287-2021-2-50-12>**PROBLEMS OF INVESTMENT ACTIVITY IN THE AGRICULTURAL SECTOR OF UKRAINE****Babmindra D.I., Slobodyanik I.M., Yevpak L.V.***Zaporizhzhya national university**Ukraine, 69000, Zaporizhzhya, Zhukovsky str., 66*

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**Key words:**

investment activity, investment climate, investment policy, foreign investments, capital investments, agriculture, Agrarian-industrial complex, agrarian sector, agrarian economy, AIK.

The article is devoted to the issues of investments in the development of the Agrarian-industrial complex of Ukraine. The article examines the state of investment policy in the field of agriculture, highlights the main problematic aspects of this activity and considers the factors that negatively affect the inflow of foreign investment, identifies problems and solutions to the problem of attracting foreign investment. The reasons for the priority of investment attractiveness of agriculture are indicated and recommendations for its activation to improve the current situation are given. The article considers the issues of investment activity, highlighting the main problematic aspects of such activities and offers methods and steps for the development of a favorable climate for investment, including foreign.

**ТРАНСНАЦІОНАЛЬНІ КОРПОРАЦІЇ ТА ЇХ РОЛЬ  
В РОЗВИТКУ МІЖНАРОДНИХ ЕКОНОМІЧНИХ ВІДНОСИН****Бабміндра Д.І., Слободяник І.М., Євпак Л.В.***Запорізький національний університет**Україна, 69600, м Запоріжжя, вул. Жуковського, 66***Ключові слова:**

транснаціональна компанія, міжнародні компанії, міжнародне виробництво, прямі іноземні інвестиції.

Сучасний стан економіки потребує нових підходів та нового рівня. Статтею спробуємо дослідити загальні положення про поняття, сутність та критерії визначення транснаціональних компаній. Покажемо та розглянемо місце транснаціональних компаній у міжнародних економічних відносинах. Розглянемо найбільші транснаціональні корпорації світу. Визначимо вплив транснаціональних корпорацій на внутрішній валовий продукт та економіку країн в цілому. Спробуємо виділити як позитивні, так і негативні риси діяльності транснаціональних корпорацій.

**Statement of the problem**

Providing a conducive investment climate in the agricultural sector of the economy remains an important issue, the implementation of which depends on the socio-economic condition of the state, the effectiveness of involvement in the global division of labor, opportunities for modernization of the agricultural economy. Investment activity is an important point of market promotion and raising production efficiency. This issue is quite problematic for agricultural enterprises, which are significantly inferior to industrial ones in terms of the level of investment attractiveness and the volume of attracting additional resources, especially foreign investment. The course of modern political processes and the practical implementation of the established goals and priorities of improving the investment climate in Ukraine mainly negatively affect the investment climate and, in particular, the international investment attractiveness of Ukraine, increase risks for investors, thus causing losses in competition for global investment resources. issues that need improvement and constant monitoring.

**Analysis of recent studies and publications**

Most economists-scientists consider the financial support of this type of economic activity to be the main factor in ensuring the investment activity of agricultural enterprises. For instance, O.M. Labenko [11] emphasizes the importance of providing financial resources for investment activities of agricultural enterprises [12]; S.A. Gutkevych draws attention to a number of factors influencing the course of investment processes in agriculture, namely economic and political factors [7]. Investment activity is the object of research of such scientists as P.I. Gaidutsky [5], M.P. Denisenko [7], A.A. Peresada [14] and others. Unresolved parts of the overall problem. Some aspects of investment and development of the agro-industrial complex of Ukraine were considered by domestic scientists: V.I. Vlasov [15], G.V. Karpenko [8], M.I. Kisil [15], M.Y. Kodenska [10], A. Lissitz [12], K.A. Prib [15], P.T. Sabluk [15], and others. However, issues related to the problems of investment and development of the agro-industrial complex of Ukraine remain insufficiently

developed. In particular, the role of investing in solving a whole set of urgent problems of development of the Agrarian-Industrial Complex of Ukraine needs to be clarified.

### **Objectives of the article**

Coverage of the current situation of investment activity, highlighting the main problematic aspects of such activities. Identifying the reasons for prioritizing the investment attractiveness of agriculture and providing recommendations for improving the current situation. Defining the principles of implementation of the investment policy of the state, which will positively affect the provision of investment activities in the field of agriculture.

### **The main material of the research**

Investment is an economic category of expanded reproduction, which is the main tool for the formation of micro and macroeconomic proposals and determines the rate of economic growth [10]. According to the Law of Ukraine "On Foreign Investment", foreign investment includes all types of values invested directly by foreign investors in business and other activities for profit (income) or social impact [1]. Thus under the capital in financial sense understand assets (means) of firm, the enterprise. In economic terms, it is embodied in the means of production, fixed and working capital. In practice, investment is a long-term investment of the enterprise in the acquisition of fixed and current assets. In other words, these investments are not only a replenishment of funds for the expansion and reform of the material and technical base, but also costs, which are the basis for further prospects for effective work. The main factors that negatively affect the inflow of foreign investment, or rather the desire of developed countries to invest in the AIK of Ukraine, include:

- instability and uncertainty of the legislation in the field of agrarian and industrial complex, uncertainty in questions of property, especially on natural resources;
- high inflation rates, which are much higher than in the EU;
- reduction of effective demand of the population for food;
- high interest rates on loans;
- unpredictable changes in the tax policy of the state;
- preservation of the monopolized structure of the industrial sector of the domestic agro-industrial complex;
- lack of market mechanisms governing the price relations of agricultural, processing, trade and procurement enterprises;
- non-convertibility of the national currency;
- reduction of profits of domestic producers due to unreasonably high share of imported food in the domestic Ukrainian market;
- acute shortage of commercial, legal, market information needed by investors and entrepreneurs themselves.

Investment activity is a type of economic activity that is directly related to and depends on market trends and processes. Investing in production without making forward-looking calculations is quite risky and unwise. That is why every investor seeks to be confident in the profitability of the invested project, and for this a number of calculations and analysis of a number of factors. However, it should be noted that there is currently a high risk of investment in agricultural production, which is assessed as too high, primarily due to political and legal instability of the state. The legislation does not define the approach to foreign economic and investment activities, there is no clear position of the state to support foreign investors. Also, it should be noted that there are no large-scale programs to attract investment in the main sectors of the agro-industrial complex, and agriculture is not included in the list of investment-attractive industries. Even at the beginning of hostilities in eastern Ukraine, it was clear that this would reduce investor interest, as it is impossible to predict developments in such conditions. The rate of outflow of investment in agriculture was even higher than in the economy as a whole. As of the end of the first half of 2014, the volume of foreign direct investment in agriculture, forestry and fisheries of Ukraine decreased. Foreign direct investment in all economic activities of the state decreased. This is a consequence of reduced profitability of agricultural production and deteriorating access to credit resources. In addition to the obvious impact of the military-political and macroeconomic situation, investors are also affected by the Ministry of Finance's permanent proposals to revise the taxation system in the agro-industrial complex. One of the indicators that most clearly reflects the current situation with the investment, political and economic climate is the capitalization of public companies. Ukraine is actively considering the possibility of integration with the markets of the European Union. First of all, it involves creating conditions for increasing investment in the agricultural sector, ensuring the free movement of capital, the development of the financial services market, the introduction of modern technologies and European social living standards in rural areas. Due to the difficult situation with the pandemic around the world, large-scale projects should not be expected from the Ukrainian agribusiness in 2021, and those that will still be implemented will be much more modest. The intensification of investment activity is not only the main condition for bringing agriculture out of the deep crisis, but also becomes the most important determining factor in its further development. It is necessary not only to reform the social order in the countryside through institutional transformations, which was a priority in the initial period of agrarian reform, but also to attract large-scale investments in the agricultural sector, which are urgently needed by almost all agro-industrial sectors. residential area of the village. Therefore, the formation of preconditions for a massive inflow of investment into the agricultural sector should become the most important element of the strategy of state agricultural

policy at the present stage. First of all, it is necessary to provide wider investment opportunities at the state level to restore the fixed capital of agricultural enterprises and increase it at the expense of own and borrowed funds, in particular foreign capital. This can be largely achieved by introducing a new, adequate to the market system of the economic mechanism of management, which takes into account the specifics of agriculture. In addition, investment in agriculture will harmoniously solve the economic and social problems of the village. Thus, internal migration of the population, mortality, birth rate will increase, the number of jobs will increase, per capita consumption of grain products will increase to the level of scientifically based food norms, which is the main criterion for sustainable agriculture. Currently, the priority area of investment in agriculture is the renewal and modernization of agricultural machinery. At the present stage it is very important to carry out technical re-equipment and reconstruction of livestock farms and complexes, to replace the park with high-quality machines of the new generation. This is due to the fact that field work, performed qualitatively and in the established agro-technical terms, guarantees stable yield. This is especially true of harvesting equipment. Its current state causes large yield losses and reduced yields from 1 hectare of land. A promising area of investment activity in agricultural enterprises is the introduction of advanced energy-saving technologies for growing crops, aimed at saving resources and storing and increasing soil fertility with a sufficient level of yield. An important factor in restoring the economy of the agricultural sector and stimulating economic growth is the state credit policy, which should be a concise continuation of innovation and investment policy by providing loans at preferential interest rates based on their differentiation on such grounds as land fertility, share of own funds in the estimated cost construction of agricultural facilities, the share of farm and processing revenues in the value of products sold by the agricultural enterprise; opening and prolongation of lending programs and issuance of targeted loans for the construction of facilities of economic importance; public money should be directed, first of all, to the renewal of the technical potential of the village; completion of construction of previously started facilities provided for in the target programs; strengthening the material and technical base of agricultural science, seed production; housing construction in villages; development of specialists; business support; financing of activities where the activity of individual investors is the lowest; elimination of consequences of accidents, natural disasters, ecological catastrophes, creation of objects and systems which provide ecological safety of production. Investment policy in the coming years should be carried out taking into account the following principles:

- consistent decentralization of the investment process;
- increase in the share of own funds of enterprises in the total amount of capital investments;

- increasing the role of depreciation as one of the sources of investment financing;
- direction of state investments for production purposes on the basis of return of centralized capital investments;
- expanding the practice of joint state-commercial financing of projects;
- coverage by the innovative process of the entire technological chain of agro-industrial complex (preparation – production – sales);
- strengthening state control over the target expenditure of state budget funds invested in investments;
- stimulating foreign investment;
- accounting for seasonal factors and regional features of agriculture;
- conducting a thorough analysis of investment risks in order to reduce them.

To address the problem of attracting foreign investment, it is necessary to take appropriate measures that would increase the investment attractiveness of enterprises, industries and the country as a whole.

Taking into account the experience of most foreign countries, it is necessary to develop a comprehensive program to attract foreign investment both in the country and in individual regions and industries, which should approximately consist of the following actions:

- 1) to create special economic zones in depressed regions;
- 2) creation of a base, stable, clear, legislative, which concerns not only investment, but also the functioning of the whole economy;
- 3) providing funding for priority sectors of Ukraine's economy that contribute to development;
- 4) promoting the development of a transparent stock market that meets international standards;
- 5) simplification and improvement of the country's tax system;
- 6) formation of the investment risk insurance system;
- 7) fight against corruption and crime;
- 8) minimization of bureaucratic procedures regarding the investment process.

It takes a long period of time to create a favorable investment climate and stabilize it, so even if all the above steps are implemented, you should not expect a quick result.

### Conclusions

Investments are the basis for the development of enterprises, individual industries and the economy as a whole. The state of investment activity in the agricultural sector of Ukraine's economy is low, and the investment climate is unfavorable for investors. The investment process itself is seen as a long-term investment to create new and modernize existing agricultural enterprises, and barriers and risks to investment remain high. In order to improve the investment climate in the agricultural sector of Ukraine, it is necessary to stabilize the situation in the

country, improve legislation, increase the efficiency of agricultural production, strengthen the role of the state in the banking system with the creation of a state specialized bank (land, mortgage, investment, etc.), which the state could regulate the credit market and credit relations in agriculture. The decision of these

and other questions will allow to use the involved means more rationally, to control their movement and timely return. A balanced state investment policy in the agricultural sector should become one of the most important ways out of the financial and logistical crisis in which the country's agriculture has found itself.

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