SUBSTANTIATION OF STRATEGIC ORIENTATION FOR FORMING REGION’S COMPETITIVENESS DUE TO IMPROVING ITS INVESTMENT POTENTIAL

The modern conditions of transformational changes and reinforcement of local government mechanisms make actual the problem of forming an efficient regional investment policy. The policy should consider comprehensively the level of economic development and investment potential of regions. Today, therefore, the question of forming regions competitiveness is of great importance, as the opportunity to develop its competitiveness by investments attracting. Competitiveness is a complex phenomenon, which is characterized by the influence of many factors. Competitiveness estimation of the region will be incomplete without its investment opportunities evaluation.

The ways of increasing the investment activity of Kyiv region are intersected with national interests. However, the regional advantages should be considered: proximity to the political center, developed transport infrastructure and border location. Today investment activities in Ukraine are improved but still measures for increasing investment attractiveness of the regions are not sufficient.

Goal of research is revealing the main problems of investment activity development in Ukraine that affect the investment potential of the regions.

Subject matter. The modern conditions of transformational changes and reinforcement of local government mechanisms make actual the problem of forming an efficient regional investment policy. The policy should consider comprehensively the level of economic development and investment potential of regions. Today, therefore, the question of forming regions competitiveness is of great importance, as the opportunity to develop its competitiveness by investments attracting. Competitiveness is a complex phenomenon, which is characterized by the influence of many factors. Competitiveness estimation of the region will be incomplete without its investment opportunities evaluation.

Overview of the latest research and publication. Investment activity foundation was investigated by domestic and foreign scientists including: I.Yu. Berezhna [1], G. Porter [7], K.R. Mcconnell [6], S. L. Bryu [6], M.P. Butko [2], A. M. Tkachenko, Ya. F. Zhovnirchyk [5], A.F. Gukuliv [5], I.A. Degtjareva [4]. However, the interdependence between the formation of a region high-level competitiveness by increasing the investment potential and means of its realization remains relevant.

Goal of research is revealing the main problems of investment activity development in Ukraine that affect the investment potential of the regions. Summary of the main material. Among the strategic directions of regional development determined in «State strategy of regional development for the period till 2015», territory planning should be the basis of the effective use of territorial resources during the implementation of economic base restructuring of individual regions and creation the conditions for diversification on a new technological basis; «development and modernization of infrastructure that will enhance the investment attractiveness of the regions», «reforming the administrative-territorial system» [1]. Also, need for the interaction of central and local executive authorities and local governments in preparing and implementing investment projects on the concept of «single window» is determined by the strategy.

The irregular development and life standards create the preconditions for the social tensions in society, threaten the territorial integrity of the country, hold the socioeconomic inter-temporal changes, slow down market transformations and reduce their efficiency. Therefore, the state regional policy should be aimed at creating conditions for increasing the competitiveness of regions. It is the basis for their dynamic development and elimination of interregional disequilibrium.

The regional investments distribution depends on many factors. Investment potential of regions can be qualified by five groups of factors: socio-economic development; market infrastructure; financial infrastructure; human capital; relationship between business activity and government. The last factor indicates the degree of the regional authority readiness to cooperate with investors and which is interdependent by the size of the administrative machine and the volume of investments.

In general, the investment regional potential can be considered as a complex response, which consists of two major subsystems: investment potential and investment risk.

The investment regional potential, according to V. Zahozhai and M. Kit, depends on the following factors [2]:

1. The general business development of the region: ratio of the region in the GDP of Ukraine; the volume of industrial and agricultural production per capita; the balance of consumer lines import and export; the average monthly wages of workers and employees; number of industrial enterprises.

2. Economic and geographical development of the production infrastructure: the regional geographical location; the railway density per 1000 square kilometers of the territory; the road density; electricity production per capita; health resort and touring value of the region.

Key words: region, competitiveness, investments, investment potential of the region.
3. Demographic situation: the population ratio of the region in the total number of the Ukrainian population; the ratio of urban dwellers in the total number of the Ukrainian population; the number of registered unemployed; the ratio of employed population in its total number.

4. The development of market relations and commercial infrastructure: number of banks, insurance companies, stock exchanges; the ratio of private apartments; a number of common venture.

5. The investment market: the ratio rating of average wage to the maximum; the level of economic crime; the number of strikes per 1000 inhabitants.

Today the investment cooperation level of Ukraine remains low. According to the indicator of per capita investments, Ukraine remains far behind the countries of Eastern Europe. The incompleteness of institutional transformations, excessive interference of state bodies into enterprise economic activities and corruption do not assist global financial flows to come into Ukraine.

Amidst the trend to the development of the country’s economy and separate regions are performed constantly, but there is no enough information on separate regions. There are even fewer materials which characterize the situation on certain criteria and on their basis we can develop more effective ways to improve the situation.

The negative qualities of the investment climate include: low buying capacity; imperfection of the tax, commercial and civil codes; instability of the existing legal framework; lack of corporate relations; shadow sector of economy, which makes products of the economy noncompetitive; lack of clear and consistent priority of the state and regional policy; low level of capitalization of Ukrainian banks, which does not allow to credit insecure projects and to realize venture projects; corruption of authority.

All these factors frighten off the investors from the developed countries. Today among the leading investors are Russian ones, although our country is highly insecure sphere of investments for the Russian business. It is connected with the lack of political predictability and economic and mediatory and appropriate infrastructure for investment.

To create a favorable climate in the regions it is necessary to form clear regional investment market; combination of investments with innovations owing to the choice of the most progressive projects; rational accommodation of investment projects taking into account the economic interests of all its participants.

An important factor of increasing regional investment activity is the formation of disclosure and alluring image of the regions. The Kyiv region is one of the leading one in Ukraine with its economic, innovation and human potential and geo-economic position.

The measures of improving investment climate and attracting foreign investment need to be performed in a certain sequence, i.e. in the following stages:

- study the investment potential of Ukraine;
- selection of priority sectors and technologies;
- development of investment attraction methods;
- realization of the developed policy and control over its implementation.

One of the main preconditions for successful investment activity is the low level of inflation and predictability of the price level in the economy. To achieve this it is needed, firstly, to establish control over the income and expenses of the budget, and secondly, to solve the problems of the main basic users. Also low foreign investment there is still unfavorable investment climate in comparison with other countries.

According to the principle of «regional monopolies». However, the consolidation of export-oriented companies in the metallurgical and chemical complex would allow them to reduce the costs and strengthen the influence world prices forming for their products. Special attention should be given to the protection of property rights, including intellectual ones. Ukraine is an active member of the World Intellectual Property Organization (WIPO), but still our state remains a transit point, a place of storage of counterfeit products that are produced in Russia and other countries.

Investment activity can be increased by improving the investment climate. The inflow of investment capital through the banking sector could have a positive impact on the growth and development of the Ukrainian economy due to the presence of foreign banks on the domestic market. But the National Ukrainian bank must follow policy to raise the reliability of Ukrainian banking system. It should simplify the rules of attracting investments into Ukraine, which will provide the opening of local accounts in Ukrainian banks and the use of the Ukrainian mediators.

A simple and clear system of taxation should be established, which would provide formalized, but not the individual (taking into account business interests) nature of the taxes collection. Technological parks must be created which would provide state financial support, categorical grants and tax reductions for foreign capital. In order to stimulate domestic investment it is necessary to give privileges to small-sized business, to implement developed investment projects which require specific information and economic units at the regional level.

It is important to improve the efficiency of the bodies of the Antimonopoly Committee of Ukraine as there is a trend towards the establishment of «regional monopolies». However, the consolidation of export-oriented companies in the metallurgical and chemical complex would allow them to reduce the costs and strengthen the influence world prices forming for their products. Special attention should be given to the protection of property rights, including intellectual ones. Ukraine is an active member of the World Intellectual Property Organization (WIPO), but still our state remains a transit point, a place of storage of counterfeit products that are produced in Russia and other countries.

Improving competitiveness and investment attractiveness of the economy should become a strategic task. State of production assets is poor, and Ukraine is on the threshold of the Chernobyl disaster. The infrastructure is so outdated that the fact cannot be ignored any longer. Such assets cannot be a reliable basis of competitiveness and investment attractiveness. It should be taken into account that it is not profitable for private capital to put in investments to renovate them. To improve the situation a few key areas should be chosen which will be able to generate the real rise of all other sectors of the economy. According to the State Statistics Committee of Ukraine in the first quarter of 2011, the volume of investments in fixed capital increased by 10,4% against the same period of the last year and amounted to 34.1 billion UAH. The greatest increase in investment activity was recorded in the field of land transport (179%), wholesale trade (158%), quarter of 2011, the volume of investments in fixed capital increased by 10,4% against the same period of the last year and amounted to

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Speaking of the Kyiv region, ensuring a competitive advantages need to be defined as a strategic direction of development in the sphere of investing. Kyiv region already has certain factors that stimulate investment attractiveness, so we should pay attention to the trends of the development of the region and the development of the region and the optimization of the development of the region.

The ways of increasing the investment activity of the Kyiv region are intersected with national interests. However, the regional advantages should be considered: proximity to the political center, developed transport infrastructure and border location.

Today investment activities in Ukraine are improved but still measures for increasing investment attractiveness of the regions are not sufficient. References:

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