

Protecting the rights of foreigners to investment-attractive land plots in Ukraine

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Abstract

The normative legal acts that define the basic guarantees and which are based on protection of foreign investments in Ukraine are analyzed. The emphasis is on the special legal regime of economic activity in the special (free) economic zones, on the territory of which are implemented preferential customs, monetary, financial, tax and other conditions of economic activity of foreign legal entities and individuals. It is determined that industrial parks are one of the most common types of special economic zones. The procedure of acquiring ownership of land plots, which is planned to be used for creation and functioning of the industrial park and subjects of the special regime of management within the industrial park, is considered.

Keywords: *ownership of land by foreigners; protection of rights to land; investments; industrial park; special economic zones.*

JEL Classification: D86, K11, K22, P48, P14

1. Introduction

Ukrainian land has always attracted interest from foreign investors as means of production and investment. The tendency to increase such interest has not changed for quite a long time, and in the short term there are no prerequisites for reducing the interest in the land. Because of the fundamental importance of land as a strategic asset, regulation of ownership relations and land use has a separate place in all developed legal systems.

Ukraine has significant land resources. Her land fund is 60.3 million hectares. Almost 70% of the territory of the country is occupied by agricultural land, over 17% – forests and forest areas, 4.1% of built-up land, 4% of water, and 1.6% of wetlands, and 3.7% of others. The area of built-up land is 2,552.9 thousand hectares, including 488.9 thousand hectares for residential buildings, 281.3 thousand hectares of public utilities, 29.0 thousand hectares of mixed use land, lands used for technical purposes infrastructure of 74.2 thousand hectares, industrial land 224.7 thousand hectares, land of commercial and other uses - 55.4 thousand hectares⁴.

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⁴ Бавровська Н.М., Боришкевич О.В., *Проблеми використання та охорони сільськогосподарських земель в сучасних умовах*. „Землеустрій, кадастр і моніторинг земель”.

In today's economic conditions of Ukraine, the most attractive factor for investors, especially foreign ones, is land plots. Such land plots contain objects of certain industries, as well as non-agricultural land-free areas that can be used for the construction of new industrial facilities, the creation of industrial zones, the organization and development of industrial parks.

The number of countries investing in the Ukrainian economy is more than 125. If considering attraction of direct foreign investments of the major investor countries, over the last 5 years the key investors in the number of projects in Ukraine were Cyprus (27 %), the Netherlands (12,9 %), Germany (12,5 %), Russia (7,8 %) and Austria (5,5 %) ⁵. Significant volumes of foreign investment are concentrated in the industrial enterprises (31%). In connection with the foregoing, issues concerning the use of land for attracting investment into economic development are becoming particularly acute.

2. Legislative protection of foreign investments in Ukraine

One of the first laws that were called to settle investment relations in Ukraine were the Laws of Ukraine “On Protection of Foreign Investments in Ukraine”, “On Investment Activity”. Thus, the main focus of the Law of Ukraine “On Protection of Foreign Investments in Ukraine” is the protection of investments, profits, legal rights and interests of foreign investors on the territory of Ukraine. It also defines the legal regime of foreign investors' activities and guarantees of the state regarding the implementation of investment activity on the territory of Ukraine. In turn, the Law of Ukraine “On Investment Activity” defines the general legal, economic and social conditions of investment activity on the territory of Ukraine ⁶. Its purpose to ensure equal protection of the rights, interests and property of the subjects of investment activity irrespective of the forms of ownership, as well as on effective investment of the Ukrainian economy, development of international economic cooperation and integration.

The creation of a favorable investment climate in Ukraine involves the legal consolidation of state guarantees for the protection of foreign investments, which should be understood as the legal principles established by law to ensure the proper performance of their tasks by foreign investors. Most of the guarantees are reflected in the legislation of Ukraine.

№ 1-2, 2016. 53-61. (Bavrovska, N., Boryshkevych, O., *Problems of using and protecting agricultural land in modern conditions*, „Land system, cadastre and land monitoring”, № 1-2, 2016. 53-61).

⁵ Коляда О.В., Федорчук О.С. *Іноземне інвестування в Україні на шляху інтеграції до світового господарства*. „Збірник наукових праць Національного університету державної податкової служби України”, № 1, 2016. 67-84. (Kolyada, O., Fedorchuk, O., *Foreign investment in Ukraine on the way of integration into the world economy*, „Collection of scientific works of the National University of State Tax Service of Ukraine”, № 1, 2016. 67-84).

⁶ Про інвестиційну діяльність: Закон України від 18.09.1991 р. № 1560-XII. (Law of Ukraine “On investment activity”, dated 18.09.1991 р. № 1560-XII).

In general, the protection of foreign investment in Ukraine is regulated by the Law of Ukraine “On the regime of foreign investment” and the Law of Ukraine “On Protection of Foreign Investments”. These legal acts define the main guarantees on which the protection of foreign investments in Ukraine is based. In particular, methods of protection of rights and legal interests of investors are: 1) state guarantees of the stability of the legislation, which include state guarantees of stability of the terms of investment activity and state guarantees of investment protection in the course of changing the legislation on investment; 2) state guarantees of non-interference in activities of subjects of investment activity by the state authorities and their officials, which include state guarantees of observance of rights and legitimate interests of investment activity subjects and state guarantees for the compulsory withdrawal, as well as from illegal actions of the authorities and their officials; 3) the state guarantees of compensation to investors, which include state guarantees of compensation and indemnification to investors caused to them by unlawful actions or omissions of state authorities or local self-government bodies, their officials and state guarantees of indemnification to investors caused to them in case of acceptance by state authorities of acts that violate the rights of investors; 4) state guarantees of the use of investment income, which include state guarantees in the event of termination of investment activity and state guarantees of transfer of profits and use of income from foreign investments; 5) investment insurance.

The state guarantees protection of investments regardless of ownership forms, as well as foreign investments. The protection of investments is ensured by the legislation of Ukraine, as well as by international treaties of Ukraine. Investors, including foreign ones, are provided with an equal treatment that excludes the application of discriminatory measures that would prevent the investment management. Conditions and order of export of invested values and results of investments are also foreseen. Thus, in order to ensure a favorable and stable investment regime, the state establishes state guarantees of investment protection.

Attention should be paid to the Law of Ukraine “On elimination of discrimination in the taxation of business entities created using property and funds of domestic origin”⁷. This Law is aimed at protecting competition between business entities created without attracting funds or property (property rights or non-property rights) of foreign origin, and business entities created with the participation of foreign capital, providing state protection of domestic producers and constitutional rights and freedoms of Ukrainian citizens.

The Law of Ukraine “On collective investment institutions (mutual and investment funds)”⁸ defines the legal and organizational foundations for the

⁷ Про усунення дискримінації в оподаткуванні суб'єктів підприємницької діяльності створених з використанням майна та коштів вітчизняного походження: Закон України від 17.02.2000 р. № 1457-III. (Law of Ukraine “On elimination of discrimination in the taxation of business entities created using property and funds of domestic origin”, dated 17.02.2000. № 1457-III).

⁸ Про інститути спільного інвестування (пайові та інвестиційні фонди): Закон України від 15.03.2001 р. № 2299-III. [Law of Ukraine “On collective investment institutions (mutual and investment funds)”, dated 15.03.2001 № 2299-III].

creation, operation and responsibility of joint venture subjects, and the peculiarities of managing their assets. It also establishes the requirements for the composition, structure and storage of assets, the features of placement and circulation of securities of collective investment institutions, the order and amount of information disclosure by joint investment institutions with the aim of attracting and efficiently allocating financial resources to investors, etc.

The Law of Ukraine “On preparation and realization of investment projects on the principle of “one window”⁹ defines legal and organizational principles of relations related to the preparation and implementation of investment projects on a “one window” principle. Part 3 of Article 1 of this Law determines that the principle of “one window” – a way of interaction of the authorized body and the subject of investment activity in order to prepare and issue a package of documents that gives the right to implement an investment project.

A tool that can be used to protect foreign investment is also the use of concluded international treaties on the promotion and protection of investments. Thus, in 2000 Ukraine ratified the Convention on the Procedure for the Resolution of Investment Disputes between States and Foreign Persons. In accordance with the provisions of this Convention, its members have the opportunity to apply to the International Center for Settlement of Investment Disputes to protect their investments. In the International Center for Settlement of Investment Disputes, investors can firstly rely on the protection of their rights in connection with the confiscation of their property, unequal treatment of domestic and foreign investors. International agreements on promotion and protection of investments were concluded with a number of countries, including Germany, Great Britain, France, Switzerland, the Netherlands, Denmark, Poland, Turkey, China, Japan, the United States, Canada and many countries of Middle East. The terms of bilateral international agreements on the promotion and protection of investments are not standardized and may differ significantly.

According to Article 19 of the Law of Ukraine “On international treaties of Ukraine”¹⁰, international treaties in force, consented by the Verkhovna Rada of Ukraine as binding, are an integral part of the national legislation of Ukraine. If an international treaty of Ukraine, which entered into force in the established procedure, establishes rules other than those provided for in the relevant act of the legislation of Ukraine, then the rules of the international treaty shall apply. The greatest value of these international legal instruments lies in the fact that they are supranational and, therefore, have priority over national legislative acts. This provides an opportunity for more effective protection, as they provide for the settlement of disputes under the generally recognized worldwide procedure.

⁹ Про підготовку та реалізацію інвестиційних проєктів за принципом «єдиного вікна»: Закон України від 21.10.2010 р. № 2623-VI. (The Law of Ukraine of “On preparation and realization of investment projects on the principle of “one window”, dated 21.10.2010 № 2623-VI).

¹⁰ Про міжнародні договори України: Закон України від 29.06.2004 р. № 1906-IV. (Law of Ukraine “On international treaties of Ukraine”, dated 29.06.2004 № 1906-IV).

Thus, one of the main areas of international legal protection of investor's rights is the conclusion of multilateral agreements that regulate the conceptual framework for investing in different countries, as well as determine the mechanism for resolving disputes in this field. The most important of these are the following: New York Convention "On Recognition and Enforcement of Foreign Arbitral Awards", 1958, ratified by Ukraine on October 10, 1960; Washington Convention "On the Procedure for Resolving Investment Disputes Between States and Foreign Persons", 1965, ratified by Ukraine on March 16, 2000; Seoul Convention of 1985 "On the Establishment of a Multilateral Investment Guarantee Agency", ratified by Ukraine on June 3, 1992; Moscow Convention "On the Protection of Investor Rights" of March 28, 1997.

International treaties have different directions. One of the areas of international legal regulation of foreign investment is contracts (mainly bilateral) on promotion (incentives) and protection of investments. Such treaties are a guarantee of a fair investment status and protection in the territory of another state. They are signed with 70 countries of the world.

The analysis of agreements on mutual protection of investments made by Ukraine allows us to generalize ways of protecting the rights of investors provided for by these agreements, namely: guarantee of unhindered right to transfer any amounts related to investments; guaranteeing the right to receive adequate, effective and quick compensation in case of requisition or nationalization of investments; guaranteeing non-discrimination of foreign investors in the event of war, revolution, uprising, armed conflict, state of emergency; providing the investor with the invariability of the legal terms of investment during a certain period of time from the moment when he makes investments. The list of legal conditions for investment is quite varied and may include rules of tax, customs, currency, business and other legislation.

It is necessary to emphasize the fact that for the foreign investors on the territory of Ukraine a national regime of investment and other economic activity is established, with the exceptions stipulated by the legislation of Ukraine and international treaties of Ukraine (part 1, Article 7 of the Law of Ukraine "On the regime of foreign investment"¹¹). Its essence lies in the fact that the legal regime of foreign investment cannot be less favorable than the regime for investment activities of legal entities and citizens of Ukraine. The national regime applies to all types of economic activity of foreign business entities related to their investments in the territory of Ukraine (Paragraph 2, Article 5, Clause 7 of the Law of Ukraine "On Foreign Economic Activity"). Bilateral investment agreements with the participation of Ukraine establish a similar approach. Exceptions to the national regime of investment activity for the purpose of securing public interests may be established both by the laws of Ukraine and the international treaties in force, the consent to be bound by which has been provided by the Verkhovna Rada of Ukraine (for example, in accordance with Paragraph 2, Clause 1, Article 3 of the

¹¹ Про режим іноземного інвестування: Закон України от 19.03.1996 р. № 93/96-ВР. (Law of Ukraine "On the regime of foreign investment", dated 19.03.1996 № 93/96-ВР).

Agreement between the Government Ukraine and the Government of the Czech Republic on the promotion and mutual protection of investments, the principle of the national regime will not apply to the acquisition of land ownership rights and participation in privatization).

Formation of the investment policy in any host country is carried out through the adoption of investment legislation. As we can see, the protection of foreign investments is carried out primarily at the legislative level. This additionally guarantees by the state the rights and interests of foreign investors. The main principles and approaches of the state regarding the provision of guarantees of protection of foreign investments and the rights of its owners are enshrined in special domestic law. The practice of encouraging and attracting foreign investment shows that their volume depends on the level of protection guarantees and the legal mechanism of their provision, which are envisaged by the legislation of the host country. The legal guarantees of foreign investments, which directly affect the international investment process, on the inflow of capital to the host countries, form the basis of investment legislation of all countries without exception.

3. Special economic zones

It is necessary to highlight the legislation, which establishes a special legal regime of economic activities in special (free) economic zones. They regulate the special legal regimes of investment activity in the priority development territories, within the technological and industrial parks of Ukraine. The special economic zone is a part of the territory of Ukraine, which establishes and operates special legal regimes of economic activity and the procedure for the application and operation of the legislation of Ukraine. Privileged customs, monetary, financial, tax and other conditions of economic activity of national and foreign legal entities and individuals are implemented in the special (free) economic zone.

The Law of Ukraine “On general principles of creation and functioning of special (free) economic zones”¹² defines the procedure for the establishment and liquidation of special (free) economic zones on the territory of Ukraine, the general legal and economic bases of their status. It also provides general rules, which govern the relations of subjects of economic activity of these zones with local councils, executive authorities and other bodies. Free economic zones were created for legislative support of investment development. Also, special laws were passed on each of these zones.

For example, from January 1, 2000, in the special economic zone “Kurortopolis Truskavets”, a special legal regime of economic activity is established. Such a regime is defined by the Law of Ukraine “On general principles of creation and functioning of special (free) economic zones” taking into account

¹² Про загальні засади створення і функціонування спеціальних (вільних) економічних зон: Закон України 13.10.1992р. № 2673-XII. [Law of Ukraine “On general principles of creation and functioning of special (free) economic zones”, dated 13.10.1992 № 2673-XII].

the specifics established by the Law of Ukraine “On the special economic zone of tourist-recreational type “Kurortopolis Truskavets”¹³. It was established for a period of 20 years in the administrative-territorial boundaries of the city of Truskavets in the Lviv region. The special economic zone “Kurortopolis Truskavets” can be considered as a unique experimental phenomenon, since in Ukraine today there is no analogous system. Most of the special economic zones in Ukraine are of foreign trade, industrial or complex type. In addition, this special economic zone can be considered as a highly specialized free economic zone whose priority purpose is to promote the development of sanatorium and health resort, medicine and health care. In accordance with the Law, the tasks of this economic zone are: 1) ensuring the growth of investment and innovation activities; 2) improving the quality and volume of sanatorium and spa treatment; 3) development of tourism and accelerating reform of the resort; 4) the concentration of material and financial resources; 5) solving of the environmental problems. It should be noted that since January 2000, when the Law of Ukraine “On the special economic zone of tourist-recreational type “Kurortopolis Truskavets” was adopted, 25 investment projects have been registered and implemented with an estimated cost of \$ 96.9 million.

The main conditions for the creation and effective functioning of a special economic zone in Ukraine are favorable geographic location, the presence of foreign economic relations and the presence of natural and climatic conditions, significant labor and natural resources. The advantages of creating a special economic zone for foreign capital are: tax privileges; access to national and regional markets; providing lower production costs; possibility of financing at reduced interest rates; ownership of land.

4. Industrial parks

As it is proclaimed in land law literature, the state land policy, besides the environmental component, should have commercial (economic) and social one¹⁴. So, today one of the trends in the development of land legal relations in Ukraine is the emergence of new objects of land legal relations. These include land plots of industrial parks with a specific legal regime. Industrial parks are among the most common types of special economic zones. In Ukraine, the process of creation of industrial parks was launched with the adoption in 2006 of the Concept of the creation of industrial (industrial) parks in Ukraine and the subsequent adoption in

¹³ Про спеціальну економічну зону туристсько-рекреаційного типу «Курортполіс Трускавець»: Закон України від 18.03.1999 р. № 514-XIV. (Law of Ukraine of “On the special economic zone of tourist-recreational type “Kurortopolis Truskavets”, dated 18.03.1999 № 514-XIV).

¹⁴ Bondar O., *Public administration in the field of land use and protection and state land policy in Ukraine: problems of correlation*, „Baltic Journal of Economic Studies”, Vol 4. № 3. 2018. P. 22-27.

2012 of the Law of Ukraine “On Industrial Parks”¹⁵. According to Article 1 of this Law industrial park is a territory, determined by the initiator of the creation of an industrial park in accordance with the city-planning documentation, within which the industrial park's members can carry out economic activities in the sphere of industrial production, as well as research activities, activities in the sphere of information and telecommunications on the terms established by this Law and the contract on the implementation of economic activities.

In order to provide state support to the functioning of industrial parks, a Register of industrial parks has been established in Ukraine, to which, according to the initiators of the creation, industrial parks are included. According to the data of the specified register as of March 1, 2017 in Ukraine there were 18 industrial parks¹⁶. The implementation of industrial parks “Ryasne-2” (Lvov), “Korosten” (Korosten, Zhytomyr region), “Svema” (Shostka, Sumy region) and “Solomonovo” (village Solomonovaya of Zakarpattya region) has been started. Some other parks are at the stage of the project.

Industrial parks, as a modern form of territorial development of entrepreneurship, promote investment and business development. The industrial park, as a rule, forms the territory, designed for the business activity, equipped with the appropriate infrastructure. Investors are able to reduce time and money for the construction of production facilities, because many issues related to the preparation of documentation and the arrangement of the construction site, have already been solved beforehand.

Subjects of special management regime within the industrial park are:

1) the initiator of the creation of an industrial park – a body of state power, a body of local self-government, which, in accordance with the Constitution of Ukraine, exercises the right of the owner to the land on behalf of the Ukrainian people and in accordance with the law is empowered to dispose of land, as well as a legal entity or an individual – the owner or tenant of a land plot that can be used and offered to create an industrial park;

2) the management company of an industrial park – a legal entity established in accordance with the legislation of Ukraine, regardless of the organizational and legal form with which the initiator of the creation of the industrial park concluded agreement on the operation of the industrial park. The management company carries out the bulk of organizational and economic powers related to the creation and operation of an industrial park.

The procedure of choosing of a management company depends on the legal regime of the land plots on which the industrial park is located. If land plots intended for the creation of an industrial park are privately owned, the management

¹⁵ Про індустріальні парки: Закон України від 21.06.2012 р. № 5018-VI. (Law of Ukraine “On industrial parks”, dated 21.06.2012 № 5018-VI).

¹⁶ Міністерство економічного розвитку та торгівлі України, 2018: Інформація про індустріальні (промислові) парки, включені до Реєстру індустріальних (промислових) парків. (Ministry of economic development and trade of Ukraine, 2018: Information about industrial parks included in the Register of industrial parks).

company is determined by the initiator of the creation of its own (part 2 of Article 18 of the Law of Ukraine “On Industrial Parks”). There are no qualification requirements, which set by the law for managing company. So it may be a legal entity, associated with the initiator, or a legal entity specially created for the format of a particular industrial park;

3) participants of an industrial park – economic entities of any form of ownership, registered in the territory of the administrative-territorial unit of Ukraine, within which there is an industrial park. Such subjects have acquired the right to a land plot within the industrial park and concluded an agreement with the management company on the implementation of economic activities within the industrial park in accordance with the concept of industrial park.

The key role in relations within an industrial park, of course, belongs to the initiator of its creation. In accordance with the Law of Ukraine “On Industrial Parks”¹⁷, the right to create industrial parks has bodies of state power, local self-government bodies that exercise the right of ownership to land and have the authority to dispose of land plots. Owners or tenants (legal entities and individuals) of land plots that meet the requirements for using them for industrial park also have the right to create such parks. The land plot, which is planned to be used for the creation and operation of an industrial park, should belong to industrial lands, be suitable for industrial use and have an area or aggregate area of adjacent plots of land not less than 15 hectares and not more than 700 hectares. The industrial park is created for a period of not less than 30 years.

According to Article 19 of the Land Code of Ukraine¹⁸, the lands of industry, transport, communications, energy, defense and other purposes constitute an independent category of land. Article 65 of the Land Code of Ukraine recognizes such lands as land plots provided in accordance with the established procedure to enterprises, institutions and organizations for carrying out the respective activities. The order of their use is established by law. It should be noted that the land of industry is a special type of land within the aforementioned category of land. According to Article 66 of the Land Code of Ukraine includes land provided for the placement and operation of main and auxiliary buildings and structures of industrial, mining, transport and other enterprises, their access roads, utility networks, administrative buildings and other buildings. Thus, the main purpose of the land of industry is that they are used or intended to support the activities of industrial enterprises, as well as the exploitation of industrial facilities.

Determination of industrial lands in Part 1 of Article 65 of the Land Code of Ukraine testifies that they cannot be used for agriculture. As a rule, they carry out special non-agricultural activities by the relevant enterprises, institutions and organizations, as well as citizens who may also act as subjects of such activity, if they exercise the statutory use of this category of land. It is worth pointing out that

¹⁷ Про індустріальні парки: Закон України від 21.06.2012 р. № 5018-VI. (Law of Ukraine “On industrial parks”, dated 21.06.2012 № 5018-VI).

¹⁸ Земельний кодекс України від 25.10.2001 р. № 2768-III (Land Code of Ukraine dated 25.10.2001 № 2768-III).

the specifics of the exploitation of industrial lands are due to the peculiarities of the functioning of the objects located on them, the purpose of which is to serve non-agricultural needs, and the specific status of the entities to which they are provided.

It should be noted that land users exercise their right to use land on a legal title of land use, and owners – on the title of ownership. In accordance with Part 2 of Article 66 of the Land Code of Ukraine industrial land can be not only in public, but also in communal and private property. The reason for the delimitation of industrial land by the levels of public ownership is: 1) level of public ownership of property, located on such land plots; 2) level of the public authority that made the decision on the establishment of the appropriate enterprise on such land plots; 3) level of public ownership of property on such land plots prior to its privatization, the public value of the subsoil, located below the surface of these land plots.

We would like to emphasize that the Constitution of Ukraine and the current land legislation do not provide any restrictions for foreign citizens and foreign legal entities to acquire ownership rights to land plots from industrial lands. There are only restrictions, established on agricultural lands that cannot be transferred to foreign citizens, stateless persons, foreign legal entities and foreign states. Industrial land can be used by state, communal and private industrial enterprises and in some cases also by citizens as entrepreneurs. Analysis of the content of Article 92 of the Land Code of Ukraine makes it possible to conclude that state and communal enterprises, as well as those that are owned by public organizations of invalids of Ukraine, use such land plots for the right of permanent land use, and other entities – under lease conditions.

The right of private ownership on lands of industry may arise through the purchase of land on a competitive basis from the lands of state or communal property in accordance with the requirements of Chapter 21 of the Land Code of Ukraine. Legal entities established by citizens or legal entities of Ukraine may acquire land plots from industrial lands for business purposes. Foreign legal entities may acquire land plots from industrial lands into ownership only if such land plots located within the boundaries of settlements in the event of the purchase of real estate and for the construction of objects associated with the conduct of business in Ukraine.

However, we must say that the owners of land that can be reserved for industrial parks most are local authorities and local authorities who initiate the establishment of industrial parks.

In today's conditions of development of land relations, lease of land plots also plays an important role as one of the dominant forms of realization of property rights and the effective use of land. The basis for the emergence of lease relations is the land lease agreement – the main document defining the relationship between the lessor and the lessee. Ukrainian civil law provides general requirements for the

conclusion of lease agreements, and the land legislation reflects the features of this agreement regarding the lease of land plots¹⁹.

Taking into account the risks of investors in the current unstable conditions of our country, the legislation guarantees a number of privileges for the participants of the park.

In particular, there are advantages to participants in starting a production within the industrial park:

- 1) the zero rate of duty for the equipment and parts thereof, which are not manufactured in Ukraine and imported for the construction of an industrial park;
- 2) the zero rate of duty for the machinery, equipment and parts that are not manufactured in Ukraine and are not excisable goods, imported by industrial park participants for the purpose of carrying out economic activities within their borders;
- 3) exemption from share participation in the development of the infrastructure of settlements in the territory of which an industrial park has been established;
- 4) state support for the arrangement (installation of engineering and transport infrastructure) of an industrial park;
- 5) clear and simple procedure of acquiring ownership to the land plot within an industrial park.

Special preferences may be provided at the level of local authorities, especially in view of the processes of decentralization of power and reformation of the system of local self-government, planned increase of their powers in the sphere of accumulation and distribution of budgetary funds.

In recent years, the most powerful industrial parks have emerged in Ukraine: “Korosten” in Korosten, “Solomonovo” in Zakarpattya region, Lviv Industrial Park “Ryasne-2”. “Svema” in Shostka, “Zolotonosha”, “Belaya Tserkov” etc.

As an example, let's take industrial park “Solomonovo”. This is a modern high-tech platform, located in Zakarpattya region. It is 500 m from the border with Slovakia, 2 km to the checkpoint with Hungary and 40 km to the M3 motorway, which connects the industrial park with Budapest, Vienna, Munich, Trieste and Venice. There are three railway checkpoints of Slovakia, Hungary and Ukraine within the radius of 2 km. The company “Eurocar”, an official manufacturer of the Volkswagen Group brands in Ukraine, operates next to it. The company's production capacities allow producing up to 150 thousand cars a year. A pool of transnational companies in the automotive industry is concentrated within a radius of 50 km. There is an investment platform of 41 hectares on the territory the industrial park, which is fully prepared for industrial construction. According to

¹⁹ Fedchyshyn D., Ignatenko I., Shulga M., *Legal principles of organic production in Ukraine: realities and prospects*, „Economics of Agriculture”, V. 65, N. 4, p. 1513-1528, Dec. 2018. DOI: <https://doi.org/10.5937/ekoPolj1804513F>.

independent experts, the industrial park “Solomonovo” is one of the best locations for industrial production for business development in Europe.

Industrial parks are popular because they contribute to increasing investment activity in the economy. The essence of the functioning of industrial parks is the attraction of investments mostly in the production of high-tech products. The state, that finances infrastructure development, may be an additional source of investment. Thanks to the introduction of industrial parks, the state is given the opportunity to “subsidize” investment activity, reducing the real costs of business, creating an investment climate that is attractive to foreign investors.

5. Conclusion

As a general conclusion, we can formulate the thesis that a foreign investor, who is really interested in working with such an asset as Ukrainian land, can implement such projects, effectively using the current legal framework of Ukraine. This requires thoughtful and balanced corporate planning and business structuring that takes into account Ukrainian realities.

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