

DIRECT FOREIGN INVESTMENTS AND NATIONAL SECURITY: PROBLEMS OF INVESTMENT POLICY

პირდაპირი უცხოური ინვესტიციები და სახელმწიფოს ეროვნული უსაფრთხოება: საინვესტიციო პოლიტიკის პრობლემები

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ეკონომიკურ მეცნიერებათა კანდიდატი, დოცენტი, პაველ ტიჩინის სახელობის უმანის სახელმწიფო პედაგოგიური უნივერსიტეტის ეკონომიკისა და ბიზნის განათლების სამეცნიერო კვლევითი ინსტიტუტი.

ლუდმილა ჩვერტკო,

ეკონომიკურ მეცნიერებათა კანდიდატი, დოცენტი, პაველ ტიჩინის სახელობის უმანის სახელმწიფო პედაგოგიური უნივერსიტეტის ეკონომიკისა და ბიზნის განათლების სამეცნიერო კვლევითი ინსტიტუტი.

ABSTRACT

The article is aimed at studying the dependence between the level of national security and foreign direct investments inflows on the basis of which certain directions of the state investment policy in the context of strengthening national security are determined. The basis for the analysis was data on the level of national security of a number of countries with its different levels in order to compare with data on foreign direct investments inflows in these countries.

The authors determine the behavior of investors in countries involved in conflicts. It is found that the presence of threats to national security is reflected negatively on the level and trends of foreign direct investments. In turn, the behavior of investors cannot be considered unambiguously, since not all of them refuse to invest in conflicting countries.

The graphic analysis of investment and macroeconomic indicators that allowed asserting the presence of their coherent dynamics and formulating the hypothesis about the dependence between foreign direct investment inflows and the

level of national security is carried out. The degree of this dependence and its orientation are determined using the Granger test.

The authors proposed main directions of the state investment policy aimed at ensuring national security on the basis of their calculations.

Keywords: *investment policy, direct foreign investments, national security, investment risks, investors' behavior, armed conflicts, economic instability.*

საშტატია

სტატია მიმართულია სახელმწიფოს ეროვნული უსაფრთხოებისა და პირდაპირი უცხოური ინვესტიციების მოცულობების ურთიერთ დამოკიდებულებების შესწავლაზე, რომლის საფუძველზეც განიუსაზღვრება სახელმწიფოს საინვესტიციო პოლიტიკის ცალკეული მიმართულებები ეროვნული უსაფრთხოების გაძლიერების კონტექსტში. ჩატარებული ანალიზის საფუძველად გამოყენებული იქნა ცალკეული ქვეყნების ეროვნული უსაფრთხოების დონის მანჩვენებლები. მათი პირდაპირი უცხოური

ინვესტიციების ნაკადების მისადაგების მიზნით შესაბამის ქვეყნებში.

ავტორების მიერ თეორიულად განსაზღვრული ინვესტიციების მოქმედება იმ ქვეყნებში რომლებიც ცართული არიან კონფლიქტებში. დადგენილია, რომ ეროვნული უსაფრთხოების საფრთხეები ნეგატიურად აისახებიან პირდაპირი უცხოური ინვესტიციების დონესა და ტენდენციებზე. ამასთან ერთად ინვესტიციების ქცევა თავის მხრივ არ შეიძლება განხილული იქნას ცალსახად. ვინაიდან ისინი უარს აცხადებენ ინვესტიციებზე კონფლიქტურ ქვეყნებში.

შედგენილია საინვესტიციო და მაკროეკონომიკული მაჩვენებლების გრაფიკული ანალიზი, რომელიც საშუალებას იძლევა ვამტკიცოთ თანაბარ ზომიერი დინამიკის არსებობა და ჩამოვყალიბოთ ჰიპოთეზა შემოსულ პირდაპირ უცხოურ ინვესტიციებსა და ქვეყნის ეროვნულ უსაფრთხოების დონეს შორის. აღნიშნული ურთიერთ დამოკიდებულების ხარისხი და მისი მიმართულება განსაზღვრულია გრეინჯერის ტესტის გამოყენებით.

ჩატარებული გაანგარიშებების საფუძველზე სტატის ავტორების მიერ შემოთავაზებულ სახელმწიფოს საინვესტიციო პოლიტიკის ძირითადი მიმართულებები რომლებიც უზრუნველყოფენ ეროვნულ უსაფრთხოებას.

საკვანძო სიტყვები: საინვესტიციო პოლიტიკა, პირადაპირი უცხოური ინვესტიციები, ეროვნული უსაფრთხოება, საინვესტიციო რისკები, ინვესტიციების ქცევა, შეიარაღებული კონფლიქტები, ეროვნული არასტაბილურობა.

INTRODUCTION

Relevance of the study and actuality. The security issues are relevant to most countries around the world. First of all, protection from wars, terrorist acts, armed attacks and unauthorized loss of property are understood as the security issues. Considering the national security, one should not forget about resolving social conflicts, including those arising on the economic basis, combating corruption, overcoming macroeconomic instability, reducing foreign debt, developing competition, ensuring energy independence, etc. The national security is one of the key elements of the socio-economic development of any country

that must be provided by its authorities [1; 2; 3; 4]. At the same time, transition economy countries and developing countries have problems with providing national security and, in particular, with its economic component [4; 5].

At the same time, there is a question as the national security affects the attraction of direct foreign investments that influence on national economic competitiveness, national economic development and financial system stability. A low national security, unlikely, lead to decrease investment activity, since it depends on the level of the investment climate that includes indicators closely related to the level of the economic security. Therefore, it is necessary to solve the issues of state investment policy faced to the threats of national security.

Literature review. The concept of the national security with an emphasis on its economic component was first considered by Ch. Schultze [6]. Issues of the economic security were first studied separately by A. Arbor [7] and R. Risley [8]. Officially, on international level, the term “economic security” has been used since the mid-80’s when the resolution “International Economic Security” was adopted at the 40th session of the General Assembly of the United Nations [9] and later on the 42nd session Concept of International Economic Security was proclaimed [10].

The basic approaches for definition of the concept of economic security are next:

- State of the economy in which the market stability and social amenities depend on actions to prevent threats and the political situation [11];
- Absence of threats to the economy from macroeconomic instability: negative changes in the level of employment, inflation, barriers in the supply of resources and interruption of economic relations [12; 13];
- A combination of the national economic sovereignty and the national autonomy with a system of preventing threats to national security at time of active entry into the system of international economic relations [14; 15; 16].

The latter approach remains relevant to the scholars of economically developed countries [3; 17] as the prevailing view that threats to national

security can appear in overcome of foreign capital in strategic sectors.

The intersection between direct foreign investments (FDI) and national security has been studied in recent decades in the context of the impact of this type of investment on national security. In particular, D. J. Goldstein [18], J. R. Travalini [19], J. K. Jackson [3] and P. J. C. Pasco [20] examined the impact of foreign direct investments on the future of the economy and national security of the United States and proposed measures of the relevant state policy.

B. J. Cohen [21] and T. A. Hemphill [22] considered the problem of using sovereign wealth funds with hidden political goals that could affect national security.

On the other hand, D. Oriakhi and P. Osemwengie [1], E. Joseph, T. Barikui, A. Solomon and I. Felix [4] studied national security influence for foreign direct investment inflows (on the example of Nigeria as a country with high levels of corruption and internal political and social instability).

In general, the intersection of FDI and the national security is interdependent, as it turned out from the analysis of recent publications. It raises the question of finding the balance between the policy of attracting FDI and providing an acceptable national security.

Research originality. The issues of the influence of the level of national security on the investment activity, in particular volumes of attracted foreign investments, remain unresolved. Also, the concept of the state investment policy needs to be improved which would not contradict objectives of the socio-economic development and contributed to the increase of the level of the economic security.

Goals and objectives of the research are an analysis of the intersection between the national security and foreign direct investments inflows, the development of ways to improve the state investment policy for providing national security.

Research methods. The research is based on the use of analysis, comparison and synthesis methods. The analysis is conducted using data on a number of countries with different levels of the national security in order to compare them with data on FDI flows in these countries. Analysis is

based on data provided by World Bank, UNCTAD, Institute for Economics and Peace and SIPRI. Their advantages are the breadth of coverage and authenticity of data processed through careful verification and standardization. The data shall be analyzed quantitatively using tables and charts.

MAIN RESULTS OF THE STUDY.

Theoretical basis of the intersection of FDI and national security

The threats to national security leads to significant economic losses and generates uncertainty, which is negatively reflected in macroeconomic indicators. It is logical to assume that this negative influence will also affect FDI inflows but there is no full information in the scientific researches. Main threats to the national security are corruption, terrorism, military actions in the region, external and internal armed conflicts, non-compliance with civil rights and freedoms and political instability.

It is determined that the threats to national security is reflected in volumes and trends of FDI or as a result of their displacement by expenditures on internal security and defense [4] or by the behavior of investors who are trying to avoid these threats [1]. In addition, even regional instability, which is not directly related to a single country, also leads to the loss of its significant share of FDI as a result of their displacement by defense spending which ultimately leads to the decrease in GDP [23].

In turn, the behavior of investors cannot be considered unambiguously, since not all of them refuse to invest in conflicting countries. The negative intersection between the level of national security and volumes of FDI is only observed in the case of investments from countries with strong state and social institutions, otherwise investors tend to invest in conflicting countries. At the same time, access to resources and use of location advantages are greater priority for investors. The corruption and observance of the property rights are interdependent for business structures from different countries. The more similar these characteristics are, the more intense FDI inflows are, regardless of conflict in the host country [24].

The subjectivity of investors' perception of the level of the national security of the country is con-

firmed in D. Nigh`s article [25]. He showed that in their decisions they are guided allied relations between their country and the recipient country. If there is a conflict between their countries, volumes of mutual FDI are reduced and if the cooperation is established, FDI grows regardless of the current state of the country. The above is in the research results of K.O. Olibe and D.L. Crumbley [26] indicating that there is no statistical dependence between political instability the component of which is the intergovernmental conflict and volumes of FDI.

Finally, in countries affected by conflicts, the lowest levels of democracy and institutional rights are observed, as well as the highest level of political and financial uncertainty that also leads to FDI reduction [27].

Consequently, the deterioration of the national security, as a result of the corruption spread, external and internal armed conflicts, non-compliance with civil rights and freedoms and political instability leads to the identification of significant risks by foreign investors and the reduction of investments. Typically, these decisions are made in advance, while, as a result of crisis events, there are no changes in approaches to the development of investment policies.

For example in Ukraine, the national security and its impact on FDI have no significant difference from what was observed in the works of the above-mentioned researchers. First, instability in Ukraine is due to the conflict between Ukraine and the separatist military units in the Donbass, supported by the Russian Federation, as well as the annexation of the Crimean peninsula by the Russian Federation. In 2014, there was the smallest amount of FDI inflows for the last 15 years (410 million dollars), that is, their decrease compared to the previous year was about 91%, mainly due to the withdrawal of capital by investors from the Russian Federation and Cyprus.

Accordingly, conflicting countries, such as Ukraine, "must develop effective economic policies to counteract the adverse effects of the regional instability in order to revitalize their economy and stimulate economic growth" [23; p. 533].

The article is based on the observance of J. Dunning OLI-model, which combines the key el-

ements of certain previous investment theories in the context of the internationalization of economic relations, namely: ownership-specific (O), location-specific (L) and internalization (I) paradigms. These factors are decisive for the formation of volumes and the structure of foreign direct investments. A company that has comparative and international advantages will invest abroad if there are advantages of the geographic location, that is economic, political, cultural or other advantages of the host country. Otherwise, it is expedient only to export the final products in such country. According to this model, Ukraine and other transitive economies can stimulate their economic growth by attracting foreign direct investments, developing their own preferences of the territorial location with the appropriate information support of them on the world market.

METHODS AND RESULTS OF THE EMPIRICAL ANALYSIS OF THE INTERSECTION OF FDI AND THE NATIONAL SECURITY

Data of the World Bank, Institute of Economics and Peace, the United Nations Conference on Trade and Development and Stockholm Institute for Peace Studies is used for the analysis. They are the most substantiated and relevant. For their quantitative analysis, graphs and tables are used as one of the most widely used methods in the economic researches, which allow the most visually convenient comparison of the necessary data. For analysis, we use data on two groups of countries: countries with a high level of the economic development and the most peaceful living conditions (Austria, Denmark, Canada, Finland, Switzerland and others) and transit or developing countries involved in conflicts (Iraq, Yemen, Nigeria, South Sudan, Ukraine and others) to identify the impact of existing conflicts on FDI.

There is the first question – on the basis of which indicators we can assess the intersection between the national security and FDI? Its occurrence is due to the absence of an unambiguous statistically monitored indicator that would characterize national security in the economic sphere. So, only certain rating indicators which are representative for these purposes to some extent can be used. For example, Global Peace Index allows

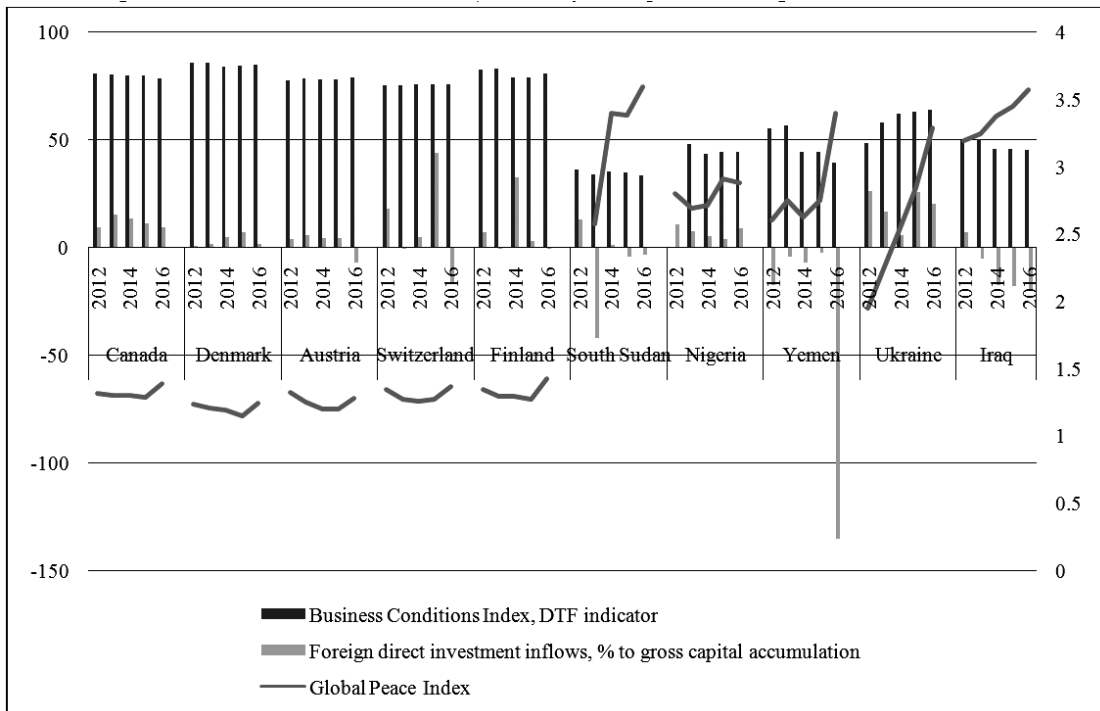


Fig. 1: Dynamics of the level of the national security and inflows of foreign direct investments

Source: World Bank - <http://www.doingbusiness.org/>, UNCTAD - <http://unctad.org>, Institute for Economics and Peace - <http://visionofhumanity.org/>

countries to rank for the security of their residence and takes into account the existence of internal conflicts and participation in wars. Also, we suggest using the graph of the index of business climate and the share of FDI in gross capital formation (Fig. 1), in addition to the previous index.

A representative picture of the dynamics of investment and macroeconomic indicators is shown in Fig. 2, since it is important to examine the intersection between the possibility of substituting defence spending with FDI with regard to the previously discussed publications.

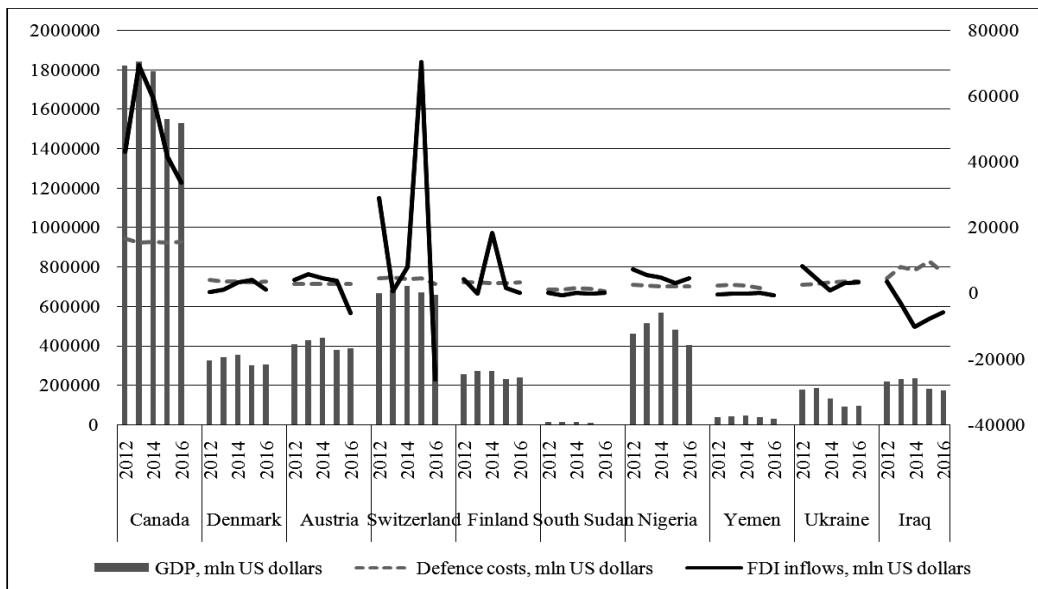


Fig. 2: Dynamics of direct foreign investment inflows and macroeconomic indicators

Джерело: World Bank - <https://data.worldbank.org>, SIPRI - <https://www.sipri.org>

The graphical analysis (Figure 1) makes it possible to make preliminary conclusions that there is a clear intersection for the economically developed countries between their peace index and business conditions, while the FDI inflows takes place irrespective of these values. This suggests the predominant effect of other factors on FDI in these countries. In this context, the particular attention is required in Switzerland and Finland. In turn, we can observe (Figure 2) the certain dependence between FDI inflows and GDP dynamics in economically developed and peace-loving countries. At the same time, defence spending in them is relatively stable which does not allow detecting the effect of crowding out of FDI by the defence cost.

In countries that are involved in military-political conflicts (Figure 1) correlation between the dynamics of FDI inflows and business conditions, as well as the dependence of FDI inflows from the country's peace index can be seen. In addition, it can be noted on the example of Ukraine in 2014 that a sharp deterioration of the military situation leads to a sharp decrease in FDI inflows and even on the contrary, however, further stabilization of the economic and security situation and FDI inflows are beginning to increase.

In transitive and developing countries (Figure 2), there is a relatively weak but expressive intersection between GDP and FDI dynamics, while the displacing FDI by the defence cost is observed in Iraq and partly in Ukraine. A similar situation can be described graphically because of the little change in defence costs in countries involved in military conflicts.

Consequently, with some exceptions, the graphical analysis allows us to assert that there is a balanced dynamics of investment and macroeconomic indicators in the absence of a distinct dependence on security indicators for countries with the highest level of peacefulness and a high level of the economic development. Taking into account the revealed dependencies and detected deviations from the general tendencies for individual groups of countries, it is necessary to pay attention to the lack of possibility to consider all factors of influence on FDI but we have enough arguments to formulate a hypothesis about the intersection between FDI inflows and the level of

national security. How strong this intersection is and how it is directed is the only question.

Detection of the existence and level of intersection between the used economic indicators is possible with the use of Granger Causality Test [28]. This test is based on the assumption: if the variable x affects y value, x changes should be preceded by y changes but not vice versa. Otherwise, if each of the variables x and y has the same effect each on other, then this suggests that there is the third variable z that affects these two variables. To test the hypothesis "x does not affect y" the regression is made:

$$y_t = \alpha_0 + \sum_{j=1}^m \alpha_j \cdot y_{t-j} + \sum_{j=1}^m \beta_j \cdot x_{t-j} + \varepsilon_t$$

The hypothesis "y does not affect x" is tested in the same way, only in the formula x and y are changing places. In order to arrive at the conclusion that "x affects y", one must reject the hypothesis "x does not affect y" and accept the hypothesis "y does not affect x". The hypothesis "x does not affect y" means that x is not the cause y . It is worth noting that x affecting y means that those previous values of x explain the following values y not meaning the presence of a causal intersection.

The calculations using Granger test gave the results shown in Table 1.

Thus, Granger Test for economically developed and peaceful countries showed a clear impact of macroeconomic factors on FDI inflows, in particular, the impact of business conditions on FDI in these countries, GDP and defense costs are noted. At the same time, since the peace index of these countries is consistently high, there are difficulties to study its influence on the FDI inflows. The results of Granger Test for developing and involved into conflicts countries do not give unambiguous conclusions as it is difficult to generalize because we have got the different results for each of them. Only GDP impact on FDI attraction and the partial interconnection of FDI and defense costs, as well as FDI and business conditions are clearly observed. The results of the calculations also indicate that there is no direct intersection between FDI and the level of the national security, that is, their changes are consistent in time but it is

Table 1: Granger Test for identifying the intersection between FDI and macroeconomic and security indicators

Granger Causality Test: Y = f(X)		F-Statistic	Prob.	Granger Causality Test: X = f(Y)		F-Statistic	Prob.
Canada	DTF=f(FDI)	0.071594	0.833558	FDI=f(DTF)	5.319722	0.260444	
	GPI=f(FDI)	253.528922	0.039930	FDI=f(GPI)	2.869826	0.339481	
	GDP=f(FDI)	0.258900	0.700356	FDI=f(GDP)	3.470958	0.313610	
	ME=f(FDI)	0.031938	0.887418	FDI=f(ME)	3.882092	0.298994	
Denmark	DTF=f(FDI)	0.004793	0.955995	FDI=f(DTF)	1.393490	0.447431	
	GPI=f(FDI)	0.172301	0.749523	FDI=f(GPI)	0.029776	0.891219	
	GDP=f(FDI)	6.247545	0.242281	FDI=f(GDP)	24.750317	0.126282	
	ME=f(FDI)	1.923494	0.397698	FDI=f(ME)	1.311894	0.456926	
Austria	DTF=f(FDI)	0.824206	0.530722	FDI=f(DTF)	1.239941	0.465837	
	GPI=f(FDI)	0.700158	0.556433	FDI=f(GPI)	0.694214	0.557768	
	GDP=f(FDI)	0.484070	0.613019	FDI=f(GDP)	1.120514	0.481900	
	ME=f(FDI)	0.015300	0.921651	FDI=f(ME)	67.323666	0.077208	
Switzerland	DTF=f(FDI)	0.496688	0.609170	FDI=f(DTF)	2.428187	0.363221	
	GPI=f(FDI)	84043.4011802	0.002196	FDI=f(GPI)	0.166364	0.753451	
	GDP=f(FDI)	7.231706	0.226646	FDI=f(GDP)	1.848844	0.403694	
	ME=f(FDI)	3.823586	0.300949	FDI=f(ME)	2.073165	0.386452	
Finland	DTF=f(FDI)	0.044416	0.867766	FDI=f(DTF)	0.258110	0.700749	
	GPI=f(FDI)	0.448220	0.624422	FDI=f(GPI)	0.057092	0.850686	
	GDP=f(FDI)	3.979164	0.295833	FDI=f(GDP)	2.820827	0.341886	
	ME=f(FDI)	0.395514	0.642603	FDI=f(ME)	0.163637	0.755285	
South Sudan	DTF=f(FDI)	2.656256	0.350357	FDI=f(DTF)	2.244328	0.374705	
	GPI=f(FDI)	34.700228	0.107052	FDI=f(GPI)	125.292288	0.056724	
	GDP=f(FDI)	0.163373	0.755464	FDI=f(GDP)	0.006829	0.947511	
	ME=f(FDI)	0.432752	0.629573	FDI=f(ME)	0.917800	0.513647	
Nigeria	DTF=f(FDI)	2.428381	0.363210	FDI=f(DTF)	0.079928	0.824596	
	GPI=f(FDI)	3.012461	0.332762	FDI=f(GPI)	16.567144	0.153369	
	GDP=f(FDI)	2.168594	0.379767	FDI=f(GDP)	17.360936	0.149953	
	ME=f(FDI)	0.039375	0.875294	FDI=f(ME)	2.062680	0.387208	
Yemen	DTF=f(FDI)	1090.921855	0.019269	FDI=f(DTF)	0.206297	0.728583	
	GPI=f(FDI)	0.012666	0.928653	FDI=f(GPI)	0.124397	0.784136	
	GDP=f(FDI)	0.896742	0.517337	FDI=f(GDP)	59.256261	0.082241	
	ME=f(FDI)	0.502216	0.607510	FDI=f(ME)	0.995056	0.500789	
Ukraine	DTF=f(FDI)	0.301141	0.680485	FDI=f(DTF)	0.069212	0.836228	
	GPI=f(FDI)	30.527127	0.113988	FDI=f(GPI)	0.285802	0.687454	
	GDP=f(FDI)	19.269343	0.142593	FDI=f(GDP)	0.676148	0.561891	
	ME=f(FDI)	12.385452	0.176249	FDI=f(ME)	0.450430	0.623698	
Iraq	DTF=f(FDI)	188.148352	0.046330	FDI=f(DTF)	7.366973	0.224726	
	GPI=f(FDI)	0.067748	0.837894	FDI=f(GPI)	0.239654	0.710180	
	GDP=f(FDI)	5.429166	0.258086	FDI=f(GDP)	0.473444	0.616324	
	ME=f(FDI)	17.915487	0.147698	FDI=f(ME)	0.117025	0.790164	

logical to assume the existence of the third factor acting simultaneously on them.

Thus, based on a combination of the results of the graphical analysis and calculations of Granger Test for highly developed countries, we can make a clear conclusions about the dependence of volumes of FDI on macroeconomic situation on the background of a high level of the national security.

For a group of developing countries that are involved in conflicts, the fact is that volume of FDI is determined by the economic situation and de-

fense costs. Partially, the intersection between the national security and FDI inflows is confirmed but they change synchronously under the influence of the third factors. Thus, for this group of countries, there is a need for a separate study of factors influencing FDI inflows, in addition to the state of national security, including obtaining expert assessments. This is about Ukraine, Nigeria and Iraq where the impact of the national security on FDI is seen only at the peak of conflict deployment, while for improving the predictability of the situation FDI

inflows are beginning to grow at the background of a low level of the national security.

**INVESTMENT POLICY
RELATED TO NATIONAL SECURITY**

Given the nature and conditions determining the national security of countries involved in military-political conflicts, directions of the investment policy should be two-way: to solve security problems and to build an adequate and transparent state investment policy.

Initially, the use of diplomatic and other non-military ways of resolving conflicts is necessary on the basis of support from international institutions, allied support in opposing external aggression and the use of sanction regimes against hostile parties. In general, it is expedient to address a number of political preconditions for the emergence of conflicts.

Corruption is one of the main problems that needs to be solved on the way to provide the country's development. It is one of the prerequisites for a low level of the investment activity, break of contract terms, lowering the level and standards of life and the economic activity.

According to the results of the analysis, measures to improve the security level in the investment sector should be aimed at engaging other FDI determinants, such as diversification of the economy; modeling prices by subsidizing industrial resources in order to reduce the production cost; development of the energy sector.

There is an urgent need for institutional changes that imply transparency and predictability of investment relations, as well as adequacy of the state investment policy to threats to the national security.

Transparency and predictability are the existence of the system of existing laws and regulations, clear conditions for consideration and acceptance of investment proposals, rules and deadlines for the consideration of transactions and government decisions in the state. This allows foreign investors to assess prospects of their own investments.

Adequacy of the state investment policy to threats to the national security implies that the restrictions imposed by the government should be adapted to the specific risks associated with investing in this country. It is necessary to create institutional conditions for ensuring necessary commu-

nications of foreign investors with the government regarding the assessment of investment proposals in order to balance economic interests of investors and requirements of the national security.

Of course, solving these issues of the state investment policy is long-term and use of short-term measures will increase costs of transformation processes and only hamper achievement of goals of reforming the economy and the national security system.

**CONCLUSIONS AND
RECOMMENDATIONS**

In economically developed countries, the volumes of FDI inflows depends on macroeconomic situation, on the background of a high level of the national security. For the group of developing countries that are involved in conflicts, volumes of FDI are determined by their economic situation and defense costs as well as there is a partial confirmation of the intersection of the national security and FDI inflows. Thus, preventing threats to the national security by means of the state investment policy will also affect the nature and direction of FDI inflows into the country's economy.

According to the results of studies shown in the article, the following measures can be proposed:

1. Resolving national security issues requires the use of diplomatic and other non-military solutions to conflicts, supported by international institutions, allied support in confronting the external aggression and the use of sanction regimes against hostile parties.
2. It is imperative to prevent corruption, as it is a major obstacle to developing national economy. It is one of the prerequisites for the low investment activity, violation of contract terms and worsening of the results of the economic activity.
3. Means to improve the security level in the investment sector should be aimed at engaging other FDI determinants, such as diversification of the economy; modeling prices by subsidizing industrial resources in order to reduce the production costs; development of the energy sector.
4. In the interests of the national security, institutional changes are needed that include transparency and predictability of investment relations, as well as adequacy of the state investment policy related to the national security.

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