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## FORMATION DIRECTIONS OF THE INVESTMENT POTENTIAL OF UKRAINE

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*Summary. Features of investment process in different regions of Ukraine are considered and the comparative analysis is carried out. Conclusions*

*are drawn on possibility of attraction of additional investment resources in territorial economic systems by capitalization of domestic natural capital.*

**Key words:** *capital investments, natural resource, management.*

The dynamic investment activity is the basis for sustainable development of the economic system in the current conditions. The steady increase of investment volumes in the economy, improvement of its structure, providing a favorable investment climate in the country are very important and relevant, primarily due to limited access to investment resources and the existing distribution imbalance.

Investment support of the economy is particularly important for the formation of regional reproductive dynamics, because on the ability to attract investment resources, sectoral structure of distribution and sources depends on direction of further regional development. Today development of the national economy of Ukraine is largely dependent on the exploitation of natural capital, but this well-known fact does not preclude sustainable economic development that remains natural potential for future generations.

The aim of the paper is to study the implementation peculiarities of the investment process in Ukraine's regions and determine the investment potential of natural resources to the regions.

Important role in ensuring the sustainable development of regional economies play such factors as a positive trend of capital investment, local budget revenues and proper functioning of the banking system. Capital expenditure is the indicator that is most fully and accurately describes the potential growth of the economy in the near future. Capital investments have long term impact on the industry.

It is also important to determine in what market sectors most of the investments are directed, in what direction economy development priority emphasis is placed, economic strategy is defined and implemented. Economic structure determines its type and sectors which are relied greatest expectations and bring the greatest economic benefit. Most of the developed

Western countries gave preference to the development of natural sector.

The analysis of the current state of investment process indicates the existence of intra-regional asymmetries in the territorial distribution of investment resources. In determining the investment attractive regions special attention is paid to the investment of foreign investors. Foreign direct investment (FDI) improves the quality of business environment, increases market competition and encourages productivity. Increasing competition is one of the factors that reduce overall production costs in the markets of certain products.

The evaluation of regional competitiveness in the eponymous rating, which is supported by the World Economic Forum shows that for the last three years several regions have advanced significantly in the ranking of regions of Ukraine. As a result, in 2013 among leaders were Kyiv, Kharkiv, Odessa, Donetsk and Dnipropetrovsk regions.

It is obvious that the transition from depression to economic recovery is possible only under the conditions of increased need for financial resources to invest in the expansion of productive activities. Therefore, a need to identify the main sources of investments in crisis situations will ensure stable financing of the regional economy.

The development of the national economy of Ukraine should start first of all with the local level, which would create a significant strength of the foundation for an effective and competitive country in the global market economy.

Unfortunately Ukrainian underdeveloped financial markets and unfavorable investment climate lead to the fact that the economic system is not considered as a destination for foreign investors. Ukraine is not included into Foreign Direct Investment Confidence

Index. Kyiv is not included into the Global Financial Centres Index. Moreover, Ukraine, unlike Poland and Russia is not considered in the family of stock indexes MSCI (because it is classified as a frontier market), it also proves a lack of investors' interest. On the other hand, Ukraine still has a good position in assessing the potential for attracting foreign investment. So Ukraine has a good investment potential, which is not transformed into real investment inflows.

Summarizing the research results we affirm that the flows of investment deposits are small and do not have a significant effect on the development of regional economies. In order to change the situation much attention should be paid to assets that are available in the particular economic system but are not used rationally. In order to expand domestic range of assets (which as a collateral may be involved in the financial circulation, increases the amount of capital raised, improves conditions for attracting financial resources) to draw attention to structured finance. It should target management system to increase the capitalization of local assets, as it enables to transform different types of resources available in the region in liquid financial assets that can reproduce on the financial markets.

The emergence of environmental goods on new financial markets has caused some changes in their infrastructure. Specifically along with well-known stock indexes that monitor on a wide range of indicators of sustainable development there appeared new indexes that track new share price of companies engaged in trading operations with timber, food, wa-

ter and energy. For example, the S&P Global Timber & Forestry Index includes data of 25 largest public international stock exchanges specialized on investment operations of timber and forest. Funds, specializing in hydro commerce, prefer in their strategy creating a portfolio of their data. PowerShares Water Resource and PowerShares Global Water are oriented to shares of companies that make up Water Index, and the Claymore S&P Global Water and First Trust ISE Water Index Fund, as it is clear from their names - the S&P Global Water and ISE Water Index respectively.

There are more than 400 public companies all over the world involved in the water supply with a market capitalization of over \$ 1 trillion. Water resources are currently not available resource, water is a huge industry in terms of market that is rapidly approaching the oil and gas sector and power generation. The above mentioned increases the investment attractiveness of water as a commodity that has implemented the stock markets.

The domestic stock market in Ukraine so far failed to fulfill its main task –involvement of financial resources for investments and other long-term innovation projects.

In order to make Stock Market of Ukraine effective mechanism for the circulation of securities contributed to the economic development the state should provide the appropriate conditions for investment based on such principles as social justice, protection of investors, accountability, efficiency, legal ordering transparency, openness and competitiveness.

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