

Impact of Transnational Corporations Activity on the Economic Development of Ukraine

Giorgio Dominese* • Sergey Yakubovskiy** • Tetiana Rodionova*** • Anastasiia Shapoval****

Abstract Transnational corporations, through foreign direct investments, have transformed the world economy into international production, ensured the development of scientific and technological progress in all its directions, which created a significant basis for the study of this topic for the introduction of changes in Ukraine. Ukraine is characterized by a rather low indicator of transnationalization of the economy. However, using vector autoregression framework, it is found that foreign capital inflows, especially foreign direct investment, have certain impact on the country's economic development. The major countries investing in Ukraine are Cyprus and the Netherlands, while the main areas of investment are manufacturing, trade, real estate operations, financial, and insurance activities. Quite a few corporations that are formally controlled by foreign investors are represented on the territory of Ukraine, which in general have an impact on both the country's income and the formation of trends in particular economic sectors. Transnational corporations of Ukrainian origin are relatively small, but some have entered international markets and are significant competitors. At the same time, the main strategy used by these corporations to expand is tax evasion by using different tax systems. The need for state-level change in the investment climate and stimulation of the reorientation of Ukrainian companies to high-tech markets is confirmed.

Keywords: transnational corporations, foreign capital flows, subsidiaries, Ukrainian corporations.

JEL Classification: F21, F23, F38; F63, G38, H20.

Giorgio Dominese*, Sergey Yakubovskiy** (✉), Tetiana Rodionova***, Anastasiia Shapoval****

* Professor, Chair of Transition Studies Research Network, Venice, Italy.

E-mail: g.dominese@transitionstudiesnetwork.org

** Doctor of Economics, Professor, Chair of the Department of World Economy and International Economic Relations, Odessa I. I. Mechnikov National University, Odessa, Ukraine.

E-mail: syakubovskiy@onu.edu.ua

*** Ph.D. (Economics), Associate Professor of the Department of World Economy and International Economic Relations, Odessa I. I. Mechnikov National University, Odessa, Ukraine.

E-mail: t.rodionova@onu.edu.ua

**** Competitor at the Department of World Economy and International Economic Relations, Odessa I. I. Mechnikov National University, Odessa, Ukraine

E-mail: shastia96@gmail.com

1. Introduction

Since the 1980s, transnational corporations have become equal participants in international economic relations on a par with states, and sometimes like leaders. Therefore, influential positions of transnational corporations in the national and global economies highlights relevance of the research of their performance.

Ukraine among other countries is no exception. Since gaining independence in 1991, attracting foreign investments, primarily foreign direct investments, has been one of the main formal tasks of the Ukrainian president, parliament and government. And based on the formal competitive advantages - excellent geo-economic position, the availability of natural resources and a highly qualified workforce, Ukraine should have become quite attractive for foreign investment of leading transnational corporations.

In reality, the situation is rather controversial. Investment in the country after 2017 has seen a slight upward trend, preceded by a sharp decline after 2014. The growth was notable until 2019. There was a significant drop in 2020 (State Statistics Service of Ukraine (SSSU), 2021).

2. Literature review

According to the UNCTAD annual reports, the situation in Ukraine of worsening growth and a certain stagnant period with the momentum of FDI inflow is related to political and economic instability in the country (UNCTAD, 2020). These provisions can be confirmed by the results of the study on the causes of the problematic climate for FDI conducted by the Ukrainian investment company Dragon Capital in cooperation with the European Business Association. The main reasons given in this study are corruption, distrust of the judiciary, instability of the monetary unit, and deterioration of the financial situation in Ukraine, followed by the monopolization of the oligarchs' power and military conflict (Dragon Capital, 2020).

The official results for 2020 do not expect any improvement due to the global pandemic and global economic trends.

According to the previous studies of Bakari et al. (2019), A. Rogach et al. (2017), T. Rodionova et al. (2019), R. Stephen et al. (2018), S. Yakubovskiy et al. (2020, 2019), the inflow of foreign capital may have a dual effect on the development of transition economies. On the one hand, foreign investments, primarily direct, stimulate an increase in the efficiency of enterprises in national economies, on the other hand, lead to an outflow of capital from national economies.

For a more comprehensive assessment of the impact of foreign investments on the recipient countries Rodionova (2013) introduced a new economic indicator, the "coefficient of coverage of foreign investments", which is the ratio of total investment income in the corresponding cumulative financial account inflows. According to the results of the research foreign direct investment income outflow had negative impact on the balance of payments of most emerging markets economies.

3. Hypothesis, methodology and data

To test the hypothesis that the inflow of foreign investments impacts the social-economic development of Ukraine, the vector autoregression (VAR) framework is chosen since it provides a systemic way to capture the rich dynamics in multiple time series. Specifically, to give evidence on the dynamic interactions between national gross domestic product (GDP) and the inflow of foreign investments (IFI), the following VAR systems are estimated to test Granger non-causality:

$$\begin{aligned} GDP_t &= \alpha_1 + \sum_{i=1}^p \beta_{1i} IFI_{t-i} + \sum_{i=1}^p \gamma_{1i} GDP_{t-i} + \varepsilon_{1t} \\ IFI_t &= \alpha_2 + \sum_{i=1}^p \beta_{2i} GDP_{t-i} + \sum_{i=1}^p \gamma_{2i} IFI_{t-i} + \varepsilon_{2t} \end{aligned} \quad (1)$$

where GDP , IFI , and ε denote respectively: gross domestic product; inflow of foreign investments depending on the type of foreign capital – direct, portfolio, and other investments; and the error term. α is a constant term, β and γ denote the coefficients to be estimated, p is the lag order selected. The null hypothesis of Granger non-causality from IFI to GDP and from GDP to IFI are $\beta_{1i}=0$ and $\gamma_{2i}=0$, respectively. The rejection of the null hypothesis of the Granger non-causality from IFI to GDP implies that the past investment can help predict the country's gross domestic product and vice versa. The model is estimated as follows. First, an unrestricted VAR is estimated. Then Granger causality testing is performed. The optimal number of lag length was chosen by looking at SIC criteria. The VAR stability was checked: all AR roots are inside the unit circle, and the Autocorrelation LM test states that no serial correlation in the residuals was detected. Yearly data is used, taken from the Balance of Payments Statistics of the International Monetary Fund.

4. Research results

The largest FDI investors in Ukraine are: Austria, Germany, Cyprus, the United Kingdom, the Virgin Islands, the Netherlands, Switzerland (SSSU, 2021). During the period under review, Cyprus has been the leader in implementing direct investments in Ukraine, followed by the Netherlands, followed by the United Kingdom. At the same time, in 2019, the largest increase in the value of assets in Ukraine was observed among investors from the Netherlands - 21.6% growth; in second place were investors from Cyprus - 20.6% growth.

The investors from the Netherlands are mainly investing in areas of concern for large enterprises, affiliate programs, and farms. One of the main reasons for the significant growth in investment from the Netherlands to Ukraine is the presence of the partnership programs between the Dutch and Ukrainian governments: a particular program of the agricultural sector, "FoodTechLink Ukraine," a bioenergy project "Biobased Energy Ukraine" (Biobased Energy Ukraine, 2020; Food Tech Link, 2020). There is also the "Orange Directory" program, allowing companies from one country to look for a

partner in another. Besides, this program is suitable for potential investors looking for a possible business expansion in a new market or industry (Orange Directory, 2020). However, these statistics may also indicate the existence of a tax avoidance problem in the cross-border FDI. In particular, the Netherlands in certain cases is used by companies as a tax avoidance arena. The same motivation is inherent in the majority of investors from the country - the investment leader for Ukraine - Cyprus. The detailed breakdown by country is shown in figure 1.

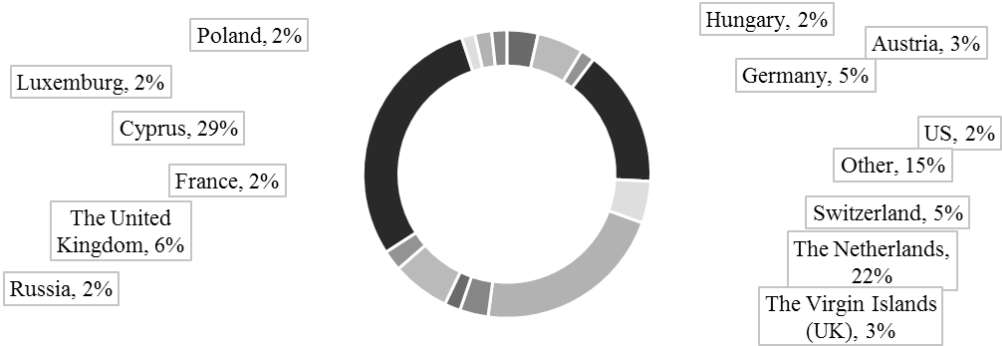


Figure 1. Investor countries in Ukraine, 2019
 Source: calculated and compiled by the authors, data from SSSU (2021).

The above data indicate that the top thirteen investing countries in Ukraine account for 85% of the total FDI in 2019. Statistical data indicate a significant regional diversification of foreign direct investment in Ukraine with the domination of investors from Cyprus and the Netherlands due to the presence of a simplified tax regulation system in them with the possibility of registering companies with offshore jurisdiction. Cyprus was referred to as the offshore zones by the Cabinet of Ministers of Ukraine by Resolution No. 1045 of December 27, 2017. Studying investments in Ukraine, it is worth considering their sectoral focus, shown in Figure 2.

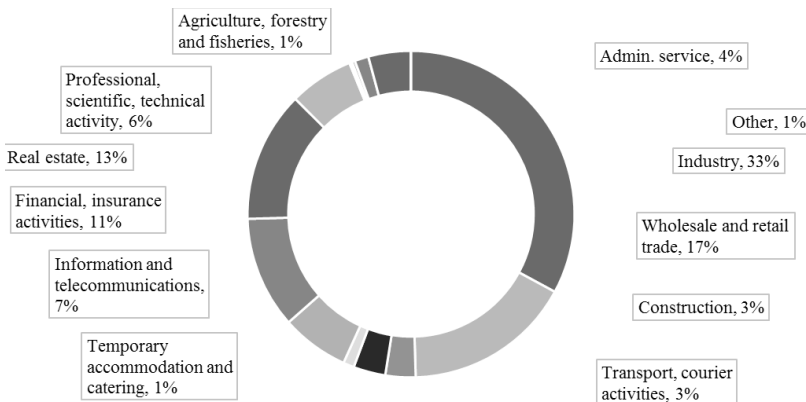


Figure 2. FDI distribution in Ukraine by industry, 2019
 Source: calculated and compiled by the author, data from SSSU (2021).

Most investments are made based on manufacturing, trade, real estate operations, financial and insurance activities. In particular, the most popular area for German investments in Ukraine is auto parts and components related to service in the industry. An example of this is the activities of Leoni (Leoni in Ukraine, 2019). In 2019, the company's revenues grew by 2.4 times. It is worth considering that with the growth of the subsidiary companies' income, the income of the joint venture increased by 1.5 times. Nevertheless, part of the Ukrainian enterprise's contribution has decreased, which is associated with expansion of Leoni's activities in other territories. Simultaneously, France's investments aim to cooperate, which is being built against the background of energy company Engie (Engie Energy Management Ukraine, 2019). A clear rise of the company on the territory of Ukraine took place in 2018, which was also confirmed by the company's profit. In 2019, the yield fell significantly in the Ukrainian branch, but grew in head office to 60 million euros.

The activity of the representative of the American segment of investments in Ukraine - US Development Finance Corporation is also of interest. In 2020, information appeared about this company's investments in two regions of Ukraine: 62 million of US Dollars for the country's energy independence and 27 million of US Dollars for the construction of the Sheraton hotel (loan) (DFC, 2020).

Financial and insurance activities are characterized by branches of foreign banks and the proliferation of life-insurance companies. Non-resident banking and insurance institutions invested about 11% of the total investments in 2019. In total, at the end of 2019, 35 banks with foreign capital were functioning in Ukraine, including 23 banks that were 100% controlled by foreign investors (NBU, 2020). An example of a successful investment from an insurance company is Metlife. The Ukraine branch's profit is growing every year; in 2019, the net profit amounted to approximately 8 million of US Dollars, which is 1.12 times more than in 2018, which correlates with the performance of the parent company (Metlife in Ukraine, 2020).

The results of the Granger test in Table 1 support the hypothesis of the influence of foreign investment flows on the GDP of Ukraine.

Table 1. The results of the Granger test

Indicator	GDP	FDI	PI	OI
GDP	-	61.61 (0.00) ^a	58.61 (0.00) ^a	6.02 (0.20)
FDI	2.98 (0.56)			
PI	16.23 (0.00) ^a			
OI	4.05 (0.40)			

Note: The numbers in the parentheses beside the Wald statistics are the P-values: a, b, c represent the 1%, 5%, and 10% significance levels, respectively.

Source: authors' calculations, data from IMF (2020).

According to the Granger causality test for Ukraine inflow of direct and portfolio investments has an impact on a national gross domestic product; dynamics of GDP cause portfolio investment inflows.

Coefficients of coverage of foreign investments for Ukraine are the following: the coefficient of coverage of direct investments for 1996-2007 was 10.1%, during 2008-2018 – 56.1%; the coefficient of coverage of portfolio investment for 1996-2007 was 26.5%, during 2008-2018 – 92.6%; the coefficient of coverage of other investments for 1996-2007 was 18.6%, during 2008-2018 – 72.4%. Results of calculating coefficients of coverage of foreign investments for Ukraine show that foreign direct investments are less profitable among all other investments. It means that the foreign direct investments income does not make a significant negative impact on the current account of Ukraine.

The general characteristics of FDI attracted to the country and their diversification allow deriving the index of transnationalization of Ukraine (Fig. 3). The calculated indicator shows a low transnationalization of Ukraine, with an index of less than 0.1. The downward trend is since 2012 and since 2016.

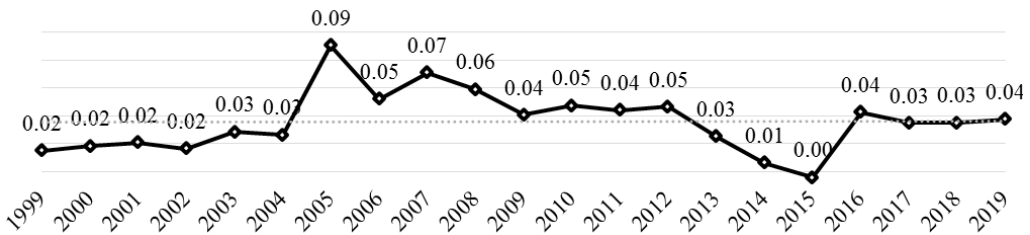


Figure 3. Index of transnationalization of Ukraine

Source: calculated and compiled by the authors.

To assess the impact of TNCs activity on national economy an important indicator is the number of foreign enterprises and subsidiaries in the territory of Ukraine. During the study period, their number significantly decreased. In particular, in 2019 the number of subsidiaries decreased by 1.5%, while the number of foreign companies decreased by 6%. In general, from 2011 to 2019, the number of subsidiaries decreased by 19.3% (SSSU, 2021).

The following well-known transnational corporations are represented by their subsidiaries in Ukraine: McDonald's Corporation, Nestle SA, Carlsberg Group, Metro Inc., British American Tobacco plc, the Coca-Cola Company, Credit Agricole Group, Danone SA, Turkcell İletişim Hizmetleri A.Ş., and others. The list of international corporations in Ukraine is quite significant; at the same time, as the calculation of the coefficients of coverage of foreign investments showed, their foreign direct investments are less profitable among all other foreign investments.

Transnational corporations are steadily investing in their subsidiaries. Nestle S.A. is one of the leading investors. This company owns the following trademarks in Ukraine: TM Torchin, TM Mivina, TM KitKat, and TM Nescafe. The corporate structure of the company in Ukraine is presented in table 2.

Table 2. Subsidiary capital of Nestle S.A. in Ukraine, 2019

Subsidiaries	Place	Currency	Capital	millions of US Dollars	Part
Nestle, all		mln CHF	52.862	59.673	100
LLC Nestle Ukr	Kyiv	UAH	799 965	0.028	
Svitoch	Lviv	UAH	88 111 060	3.128	
Volynholding	Torchin	UAH	100 000	0.003	0.012
Technocom	Kharkiv	UAH	119 658 066	4.448	

Source: calculated by the authors, data from Nestle Group (2020).

There are three factories controlled by the Nestlé corporation in Ukraine. These companies are 100% controlled by Nestle S.A. The peculiarities of the production and financial activities of branches of foreign transnational corporations in Ukraine is analyzed using the example of the Svitoch company, which is fully controlled by the Nestlé corporation. The financial performance of the factory is reflected in Table 3.

Table 3. Selective financial indicators Svitoch, thousand UAH

Financial performance	2018	2019
Net sales	2 260 086	2 440 593
Gross income	208 170	232 896
Costs	2 313 202	2 328 365
incl. material expenses	1 805 470	1 885 319
incl. salary expenses	116 980	171 985
Net profit	128 339	127 222

Source: Nestle Group (2020).

The above data indicate a slight increase in the company's sales in 2019 compared to 2018. The gross income was increased by 11.8% in the period under review. The material expenses have not undergone significant changes, but the salary has increased significantly. An important point is a slight increase in taxes, paid by the company. In 2018, paid taxes amounted to 28,875 thousand UAH, and in 2019 this figure was 29,480 thousand UAH. Such a small increase did not allow the company to get into the top 100 companies with the amount of paid taxes (Rating of the largest companies in Ukraine, 2020), while McDonald's is ranked 54th. It can indicate that the parent company thus generates revenue through special tax schemes.

After analyzing examples of the activities of branches of foreign TNCs in Ukraine, it is worth considering Ukrainian TNCs and the possibilities of their development. Ukrainian multinational corporations are a special type of enterprise. Some corporations that are considered transnational in Ukraine do not meet the classical

requirements, but despite this, they can use the benefit from the possibility of using branches to minimize tax deductions.

The most famous transnational corporations of Ukraine are: Roshen Corporation, UkrAvto, SCM, among the small TNCs are: Farmak, T.B.Fruit, Ovostar Union, PJSC Mironovsky Bakery, and others.

At the end of 2020, Roshen subsidiaries were located in Lithuania, Hungary, and Ukraine. One of the leading factories in Ukraine is the Kyiv confectionery factory Roshen. At the end of 2020, the plant owners were a subsidiary of Roshen Confectionery Corporation and Central European Confectionery Company. The latter has not been a taxpayer in Ukraine since 2016, since the declared activity is exclusive of an investment nature and the volume of sales is below the norm presented in the tax code.

Roshen, like Nestlé, is included in the rating of 100 companies producing sweets. While Nestle is ranked 6 with 413 plants, Roshen is ranked 27 with 8 plants. In the rating, the corporation's profit is approximately 800 million of US Dollars (Top 100 Candy Companies, 2020).

It is advisable to compare the Kyiv Confectionery Factory's financial performance, its subsidiary in Hungary, and Romania's representative office. (Figure 4).

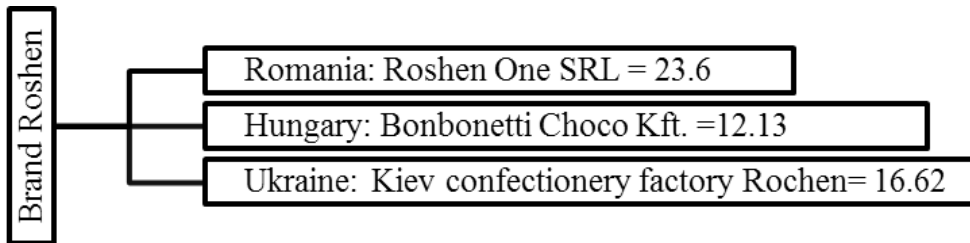


Figure 4. Comparison of revenue indicators of Roshen branches in different territories
Note. Metrics are down to millions of US Dollars

Source: calculated by the authors, data from Roshen Group (2020).

According to the data, more significant revenue in 2019 was observed in the Romanian branch, associated with selling products in a large territory. Among the presented factories, the Ukrainian department received the most considerable income; the Hungarian one is 4.49 million of US Dollars. Romania's representative office has significantly increased its income since 2015; the turnover has increased annually by an average of 1.9 times. The Romanian branch's net profit amounted to 433,238 dollars in 2019; the Ukrainian one amounted to 351,681 dollars. The Romanian branch's total costs were 97% in revenues, and there were 96% for the Ukrainian branch. This indicator has a reasonably similar meaning, but the growth in Ukraine is associated with a significant increase in wage costs. After examining the statistical data presented to the branches, it can be noted that the Romanian enterprise paid the full amount of tax at the rate of 16%. At the same time, in Ukraine, due to the opportunities to reduce the tax base, the corporation paid a much lower amount in taxes. An essential aspect of corporate expansion is the cost of selling products and investing in production. In general, the amount of expenses for advertising services

by the Ukrainian branch is small and in 2018 amounted to UAH 119 thousand, and in 2019 there were no expenses. This is an obstacle to entering new markets, other than those that are already basic. But, it is worth noting about the company's investments in production facilities or in social infrastructure. The second element adds brand awareness and attracts the attention, which can be called one of the marketing elements (Roshen Group, 2020).

The next transnational Ukrainian origin corporation is System Capital Management Limited, which includes the Metinvest Group holding group. The corporation is represented in various international markets and is focused on two main activities: mining and metallurgy. The corporation gets more profit from the second segment. The company's financial indicators are presented in Table 4.

Table 4. Revenue by location Metinvest B.V., millions of US Dollars

Location/Period	2016	2017	2018	2019
Ukraine	1606	2467	3340	3156
Rest of Europe	2267	3219	3991	3609
Middle East and Northern Africa	949	1469	2195	1656
South Eastern Asia	591	505	701	941
Commonwealth of Independent States	413	775	758	825
North America	320	436	757	464
Other countries	77	60	138	106
Total	6223	8931	11880	10757

Source: Metinvest (2020).

The company's profit in all regions grew from 2016 to 2018; in 2019 there was a decrease in profit in the leading regions: Ukraine, Europe, and the Middle East, and North Africa by 11.6%. The central place of profit should be considered Europe, second place - Ukraine. The difference between these indicators is not so significant. An increase in profit in 2020 based on financial results is not expected, since, for nine months of 2020 against the same period in 2019, the company's revenue decreased by 10%. This is due to the situation in the world caused by the pandemic and general trends in the industry. Investments as an opportunity for the corporation to expand in 2020 decreased by 40% in 9 months. The main investments are the holding's capital investments in the reconstruction of outdated equipment and the expansion of activities in the field of ecology.

Another possible way to increase the profits of a corporation can be considered differences in base taxation calculation. Taxation takes place in several tax jurisdictions depending on the location of the affiliates. In Ukraine, the tax in 2019 was 18%, in

Switzerland 10%; in Europe - from 10% to 28%; for operations in the USA - 21%. There is also the concept of deferred payment, which is increasing in the company every year. So, the corporation's paid taxes in 2018 amounted to 275 million of US Dollars; in 2019, this sum was 47 million of US Dollars. While the deferred tax payment in 2018 amounted to 31 million of US Dollars, in 2019, it was 140 million of US Dollars. This is quite a significant amount of loss of state budgets since in 2019, the total amount of taxes that had to be paid was 187 million of US Dollars. The paid sum was only 25%. These deferral methods are convenient for corporations as they can use the freed-up money for technology upgrades or marketing. This scheme with taxes is acceptable since in the countries mainly (for example Ukraine, and Italy), there is no time limit for deferred payments (Metinvest, 2020).

The presented Ukrainian corporations have certain tendencies of stagnation or even worsening of profits after 2018, associated with a significant dependence on global trends. Nevertheless, these Ukrainian corporations are substantial competitors for foreign companies and are trying to expand their activities. By becoming transnational, Ukrainian companies receive certain advantages due to, on the one hand, entering new markets, and on the other, the possibility of reducing the tax base and, accordingly, tax payments in Ukraine.

5. Discussion

The analysis of the features of the activities of foreign and Ukrainian TNCs allows us to draw the following conclusions aimed at improving the investment climate in Ukraine and increasing the efficiency of Ukrainian companies.

First of all, it is necessary to change tax legislation in the direction of its unification with the requirements of the European Union and the United States. All business entities in Ukraine must pay taxes, including representatives of small and medium-sized businesses. Of course, small businesses can enjoy certain benefits. In particular, it is possible to introduce a 50% reduction in income tax for new entrepreneurs or to defer the payment of certain taxes. But the situation in which small and medium-sized businesses are not controlled at all due to the lack of fixation of financial transactions is not acceptable, because it allows large companies to use small business entities to minimize tax deductions.

To increase the investment attractiveness, the adoption of the Corporate Governance Code of Ukraine within the IFC programs "Investment Promotion through Integrated Environmental, Social and Governance Standards in Europe and Central Asia" in 2020 is of great importance. Moreover, the state bodies' powers should be expanded, not for fully regulating investment funds and their restrictions, but ensuring useful and timely legal protection of investors. In connection with the legislative framework's improvement in the Doing Business 2020 rating (Doing Business, 2020), Ukraine has climbed seven steps and occupies the 64th position. The main problem in this context is the rights of shareholders and the degree of responsibility of directors. Nevertheless, the development took place with the loss of force by the NBU Resolution No. 410 "On regulation of the foreign exchange and foreign exchange markets of

Ukraine” dated February 7, 2019 and the entry into force of the NBU Resolution No. 5 “On approval of the Regulation on Protection measures and determination of the procedure for performing individual transactions in foreign currency“ dated January 2, 2019, with the latest amendments (November 5, 2019). This law allows the payment of dividends to non-residents legally. This should help attract foreign investors as subsidiaries of multinational corporations. Since June 2019, banking institutions are allowed to provide loans to international corporations in hryvnia for the intended purpose of the transaction (swap and forward) for up to 14 business days. All of these implementations have made significant contributions. However, it is necessary to create a unified information base on various projects and government decrees for better understanding of foreign investors’ rights in the country. This will reduce the risk of uncertainty for TNCs. The transparency of the information environment is an important factor in attracting investors to the country. The laws of 2018 “On accounting and financial reporting in Ukraine” and “On the audit of financial statements and auditing” increased the transparency of reporting, which should help to strengthen confidence of investors and facilitate the transparency of issuers’ financial statements.

Simultaneously, the tax system for attracting investment has improved. However, Ukraine has a limited range of official tax benefits for foreign investors. Nonetheless, preferential conditions for interaction with foreign investors in cluster form and industrial parks have been improved. These aspects include deferral of taxation, support for specific categories following the Tax Code, deferral of payment of VAT for up to 2 years subject to particular requirements. The main problem for this segment is the criteria that must be met by both local corporations and foreign investors.

Nevertheless, the benefits offered to foreign investors cannot be compared with the almost complete absence of taxation for local companies that use representatives of small and medium-sized businesses under a simplified taxation system to sell their products or trade in goods, illegally imported to Ukraine.

Drawing up a system of recommendations for Ukrainian TNCs is a rather tricky issue, as it is difficult to evaluate objectively the effectiveness of managing Ukrainian TNCs or branches of foreign TNCs in Ukraine. The main element that allows Ukrainian origin corporations to grow is the use of unique tax bases and underutilization of marketing and R&D expenditures. Most companies need to create new organizational structures that are responsible for marketing costs, which represent a significant portion of sales costs. The marketing department should be the last link in choosing strategic programs for the future. Initially, the choice should be made in the risk management department, which will assess the risk of implementing the strategy when entering the international market, evaluating and forecasting the activities’ results. At the same time, Ukrainian companies need to rethink the costs associated with promotions. According to statistics, in the world's leading transnational corporations, more than 3.5% is allocated to marketing as a separate component. This improves the corporation's performance while increasing sales. Therefore, the marketing strategy should be based on adaptation to different markets in the international arena. Currently, Ukrainian transnational corporations need to increase R&D spending too. A study

of the experience of world's leading TNCS shows corporations' contribution mainly to capital investment, which is associated with the replacement of obsolete tools or upgrades of standard equipment for the company. Introducing new elements to expand Ukrainian origin corporations' activities is a rather tricky issue, as R&D costs are very high and not always profitable for companies in the short term. However, in the long run, this is a necessary element.

In general, a stable amount of costs of about 9.5% of the corporation's turnover is required. This will improve the products and influence the results. Adaptation to the Ukrainian market can be much lower (4-5%). However, effective implementation of the suggested recommendation will allow corporations to improve their products and remain internationally competitive. The R&D segment cannot exist without top-level support. It is necessary to support investment lending to banks at the state level, allowing the improvement of research and development. The following measures may be taken to expand state activity: reduction of the tax burden on banks' profits from investment lending for more than five years for research and development; removal of the tax burden on banks' income from long-term financial investment related to TNCs; - when investing in risky industries, state support in terms of insurance is required.

6. Conclusion

The transnationalization of Ukraine is at a relatively low level, however, using the vector autoregression framework, it is found that foreign direct investment inflow have a certain impact on the country's economic development. The analysis makes it possible to indicate the need to pay special attention to the protection of the property and intellectual rights of foreign origin investors, which will further stimulate creating of their subsidiaries in the territory of Ukraine.

Transnational corporations of Ukrainian origin are relatively small, but some have entered international markets and are significant competitors. At the same time, the main element used by these corporations to expand is tax evasion when using different tax systems.

It should be noted that the government needs to stimulate the reorientation of Ukrainian companies to high-tech markets, which will undoubtedly increase the level of international competitiveness of Ukrainian transnational and national companies.

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