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THE ATTRACTIVENESS OF COUNTRIES FOR FOREIGN DIRECT INVESTMENTS

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The development of the country's economy and the resolution of socio-economic issues largely depend on its investment attractiveness, image on the world stage, and position in the leading international investment climate rankings. Analysis of the investment attractiveness of the national economy is the basis for identifying and developing ways to overcome shortcomings at the micro-, meso, and macro levels, improving the ability to attract investment resources to priority sectors of the economy, as well as the foundation for building the country's investment policy of the country as a whole, which confirms the relevance of the problem [1, p. 84].

The level of foreign investment in a country depends on various factors, including the stability of the economic and political situation within the country, as well as the desire of multinational corporations to expand their markets. The current trend is that companies are increasingly interested in organizing production under their own brand abroad or acquiring controlling stakes in local enterprises, instead of exporting exclusively. This means that the expansion of trade by enterprises has reached a new global level, which contributes to the successful consolidation of the enterprise in the foreign market. These features have a significant impact on the overall characterization of international investment flows, including the location, actors and investment conditions. These issues are important because the stability and favorable investment climate of a country can attract investors. One way to assess the importance of these factors is to analyze the amount of investment capital invested in the country.

In practice, there is a specific list of important characteristics, including political, geographical and economic, which are considered by investor countries and practicing investors when deciding whether to invest in a particular country. For example, The U.S. Chamber of Commerce has developed 12 key criteria for the attractiveness of countries for investors:

1. Characterization of the local market.

From the very beginning of the study of a new market, a potential investor is interested in the size of the local market, the purchasing power of the population and the growth potential of these indicators, as well as the economy as a whole.

2. Market accessibility.

For this criterion, legislative and regulatory acts of national importance that do not restrict the company's access to the local market are important, and it will also be a plus to have legislation that provides investors with a number of advantages, but not privileges. The World Bank in its Doing Business 2024 report recognizes Ukraine as a country that has significantly improved its legislation for foreign investors. According to the rating, Ukraine ranks 71st out of 190 countries, which is 12 positions higher than in 2023 [2].

3. Quality of labour force.

Of course, for every investor, the cost of labour is next to quality. It is good to have the opportunity to get high-quality production at a lower price, so investors are attracted to markets with cheap labour, especially in labour-intensive industries.

4. Currency risk.

The exchange rate of the local currency against major world currencies that are freely convertible in the global financial system has a direct impact on the costs and profits of foreign investors, as they measure their returns in terms of the relationship between these major currencies. An effective exchange rate policy involves the constant evaluation of the local currency in order to ensure economic stability and create confidence among investors.

5. Possibility of capital repatriation.

Legislation that does not restrict the export of invested capital and profits is optimal. Establishing subsidiaries is the best form of foreign direct investment, as it allows parent companies to earn profits in the form of dividends and subsidiaries to earn income in the form of dividends, interest, fees and payments for technical assistance.

6. Protection of intellectual property.

For foreign investors, this criterion is a priority, especially in industries such as computer manufacturing, communications, and pharmaceuticals, where technology is key to competing in the development of new products and new markets. The development of these industries is a priority for recipient countries as well, as they can benefit from technology transfer and build their own high-tech industrial base. However, to attract investment in these industries, the authorities of these countries need to guarantee strict observance of intellectual property rights [3, p. 37].

7. Trade policy.

Trade policy affects the cost of exports and imports, as well as the simplification or complication of these operations. Customs tariff rates, exchange rates, tariff policies, quotas and licensing should be more favourable for foreign investors than in the investor country.

8. State regulation.

Government interaction is important to protect the interests of producers and consumers. However, excessive regulation can scare away foreign investors and reduce the country's attractiveness. Harsh laws aimed at protecting workers' rights can scare away investors, who will refuse to invest capital and create jobs.

9. Tax rates and incentives.

Tax rates and tax incentives also affect the investment attractiveness of a country. Excessive taxation of profits, dividends, remuneration, and other transactions between local subsidiaries and their parent companies can discourage foreign entrepreneurs. Countries try to attract investors by offering them packages of tax and other benefits.

10. Political stability.

Political stability is also an important factor for foreign investors. A stable political environment allows investors to be confident in the stability of laws and regulations related to investments and markets.

11. Macroeconomic policy.

Macroeconomic policy also affects the attractiveness of a country for investors. Countries with an unfavourable economic climate may not inspire confidence among foreign investors, who will postpone their investments until the economic situation stabilizes.

12. Development of infrastructure and support services.

The development of infrastructure and the availability of support services also affect a country's attractiveness to foreign investors. If a country has poor infrastructure, including roads, ports, airports, communication networks, and energy resources, it may have limited opportunities to attract significant foreign investment, despite meeting other investment criteria. Here is such a practical example as the development of port infrastructure in Singapore, which has allowed the country to become one of the largest maritime trade hubs in the world. This stimulates international trade and provides efficient logistics for companies, which is of great importance for foreign investors looking for a favorable environment for their business operations [4].

Even after receiving positive feedback on all the above criteria, it is difficult to be sure that all the information received is true. That is why investors assess the likely risks and possible losses. For this purpose, there are various methods of risk assessment and classification of all possible risks associated with foreign direct investment in the country of the capital recipient.

Attributing the growing role of foreign investment in the global economy and the competition between countries to attract it, analyzing the criteria of attractiveness of countries for foreign investment are of great relevance. This helps to understand the factors that influence the choice of countries for investment and to develop strategies and policies to attract foreign investment and promote economic development.

The development of country attractiveness indices and rankings that take into account various criteria, can contribute to a more objective assessment of the attractiveness of countries and help identify the advantages and disadvantages of each country. The use of advanced data analysis techniques can help identify complex relationships and trends between different criteria and predict the attractiveness of countries for foreign investment in the future.

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