SECTION 8. INTERNATIONAL ECONOMIC RELATIONS

8.1 Problems of formation of international investment attractiveness of coastal agglomerations of Ukraine

International investment attractiveness is one of the key features of economic development of the modern agglomeration, regardless of location, resource potential, demographic and socio-cultural situation. Any territory open to the world capital market by default gets a starting position in the global rating of "suitability" for investment in the eyes of foreign investors. The success of the agglomeration in the economic sense significantly depends on the direction and proportion of the indicators that create this position, as the intensity of capital movements directly affects the development of the economic complex of a particular territorial unit.

As international investment attractiveness as a subject of research is characterized by low popularity among Ukrainian economists, the conceptualization of this concept has not yet been completed. This increases the relevance of the theoretical part of this work, but makes it necessary to first establish the essence of investment attractiveness as such, and then find out which of the deep aspects of this category can give it an international character. There is almost no definition of international investment attractiveness in the scientific literature, the transition to this category is usually through the projection of the definition of investor residency. In our view, this approach distorts the true nature of international investment attractiveness, as subjectivity in assessing the characteristics or conditions of capital investment in a particular facility or area suggests that it is impossible to meet the criteria of all investors at once.

The study of the international investment attractiveness of the coastal agglomerations of Ukraine should focus on the Odessa agglomeration, as the largest entity of this type. The Odesa agglomeration is one of the largest suburban (or subregional) associations in the country - both in terms of spatial and demographic and economic indicators. The formation belongs to the relatively atypical for Ukraine agglomerations of the coastal type and is the largest of them. The peculiarity of the formation of the Odessa agglomeration is the combination of such a traditional factor for coastal associations as a trading port, with unique natural prerequisites for agricultural development. Based on the basic measure of the size of urban agglomerations (population), it ranks 5th in Ukraine and is in the sixth hundred in the world [565]. It should be noted that 8 of the 10 largest agglomerations in the world are coastal, while domestic urban processes are characterized by population groups around the interior (continental) territories, and therefore among the Ukrainian agglomerations, which are among the largest globally, only Odesa belongs to the coastal by type.

Let's analyze in more detail the coastal agglomerations of Ukraine (Table 1).

Table 1

The largest coastal agglomerations of Ukraine

The name of the agglomeration	Area, thousand km^2	Population (2021), thousand people			Population density, persons per km^2	Largest cities
		total	including the center			
			thousand people	%		
Odeska	3,9	1 375,9	1 017,7	74,0	350,7	Odesa, Chornomorsk, Yuzhne
Mykolaivska	7,4	656,3	483,2	73,6	88,3	Mykolaiv, Pervomaisk, Ochakiv
Mariupolska	2,6	521,1	440,4	84,5	198,6	Mariupol
Khersonska	3,6	464,4	289,1	62,3	127,2	Kherson, Hola Prystan, Oleshky
Izmailska	3,4	206,2	71,8	34,8	60,0	Izmail, Reni, Kiliia
Berdianska	4,5	184,0	109,2	59,4	41,2	Berdiansk, Prymorsk

Source: Compiled on the basis of [566, 567].

Considering the presented characteristics of the largest coastal agglomerations of Ukraine, it should be noted that they all formed around significant sea (or river-sea) ports, and therefore foreign trade, along with water transport and fisheries are the leading sectors of their economic complex. Except for Izmailskoi, all analyzed agglomerations are clearly monocentric - the population of their centers is 50% or more of the total population. Until recently, the Mariupol agglomeration, the most centralized in Ukraine in this respect, was destroyed. The largest area is Mykolaivska agglomeration, which can be explained by the atypical (for coastal formations) location of the center - deep in the mouth of the river Pivdennyi Buh - which led to the attraction of not only the coast but also the inner steppe areas.

The Odesa agglomeration is the first of the subregions of Ukraine for which a separate "Strategic Plan for Competitiveness and Economic Development" was developed and officially approved in 2011. According to him, the agglomeration is considered as an open center for investment in the South of Ukraine, a key element of the transport infrastructure of the Black Sea basin; a region of dynamic, innovative, agro-industrial development, the priority of which is effective interaction, partnership of communities for common prosperity; an area with a high level of quality of human resources and potential for tourism development" [568]. In addition to the city of Odessa, the Strategic Plan included the cities of Illichivsk (Chornomorsk), Yuzhne and Teplodar, as well as the communities of Biliaivskoho, Kominternivskoho (Lymanskoho) and Ovidiopolskoho districts. Although in practice this program document was not implemented (due to contradictions between the leaders of the participating communities) [569], in fact on the basis of the above administrative-territorial units during the zoning reform of Ukraine a new Odessa district was formed. One of the essential features of agglomeration is demographic concentration, including by population type. Statistics allow us to state that the Odesa agglomeration is an urban agglomeration, as the share of the relevant population is absolutely predominant and at the beginning of 2021 was slightly more than 86%. At the same time, noticeable fluctuations of this indicator within 1-2 percentage points. can be explained by the presence of satellite settlements that formally belong to the villages and settlements, although the type of building is an organic part of urban space. Excluding the population of Odessa, the population of the agglomeration is based on residents of satellite cities - Chornomorsk (about a third) and Yuzhnyi (1/6).

Since the core of the monocentric agglomeration usually plays the role of a kind of anchor of economic stability and determines the directions of further economic development - including because it is the first to attract and absorb investment resources - it is advisable to dwell on the analysis of the economic situation in Odessa. Consider the dynamics of the resulting indicators of the main areas of urban economy (Table 2).

Table 2

Dynamics of performance indicators of selected sectors of the economy Odessa in 2019 - 2021

Industry indicators	2019				2020				2021			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Volume of sold industrial products, UAH billion	8,7	7,8	8,1	8,5	8,9	7,2	8,5	9,9	12,3	10,8	11,0	14,2
Volume of retail trade, UAH billion	9,5	10,4	2,4	19,9	10,3	9,9	11,8	12,4	11,8	13,0	14,4	15,1
Exports of goods and services, billion dollars	-	0,6	1,1	1,3	0,4	0,6	1,0	1,3	0,3	0,6	1,2	н/д
Imports of goods and services, billion dollars	-	0,7	1,1	1,6	0,4	0,8	1,2	1,9	0,5	1,1	1,5	н/д
Put into operation, million m^2	61,2	175,8	56,9	206,9	42,8	62,1	0,0	81,5	185,7	77,3	182,7	н/д
Cargo transported, million tons	9,3	10,3	7,1	3,4	8,2	6,8	7,5	7,0	5,5	7,5	9,3	8,3
Passengers were transported, million people	89,1	76,9	52,2	71,2	55,6	30,2	55,9	44,5	43,0	50,8	63,1	53,1

Source: compiled on the basis of [570].

It can be concluded that trade is the basis of the city's economy - and hence the entire agglomeration (which, as already noted, is typical of coastal formations). Note that, although the volume of industrial production is comparable to the turnover of retail trade, the scale of the latter still prevails in value terms, with the exception of III quarter. 2019 and I quarter 2021 Foreign economic activity, represented by exports and imports, is characterized by almost synchronous dynamics, with a slight advantage of imports (double advantage of which over exports in the second quarter of 2021 can be explained by adverse consequences of quarantine restrictions).

It is also advisable to analyze the structure of urban industry (Fig. 1).

Almost half of all industrial output was accounted for by the energy sector (electricity, gas, steam and air conditioning), which can be explained by high resource prices. The high share of the food industry is explained by the agrarian orientation of Odessa region.

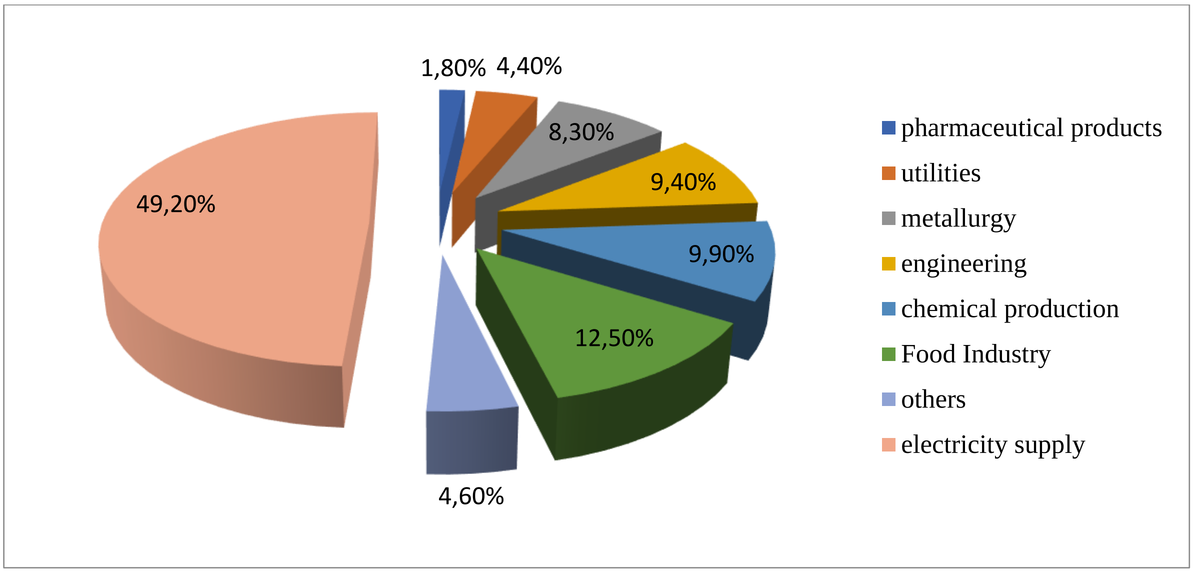

Figure 1. Sectoral structure of industrial production in Odessa in 2021

Source: built by the author on the basis of [570].

Leading positions are also occupied by knowledge-intensive industries - chemical production (including rubber, plastic products, non-metallic products), mechanical engineering and metallurgy, which, together with pharmaceutical production, account for almost a third of the city's economy. A significant share of utilities (water supply, sewerage and waste management) is typical of densely populated urban areas. The rest of the industries account for about 5% of sales of industrial goods and services, including wood, paper, printing and textile products.

Statistical sources of information are usually insufficient to conduct a comprehensive assessment of international investment attractiveness - primarily due to the subjective and relative nature of this phenomenon. Therefore, in the process of this study it is advisable to rely also on the results of non-econometric methods, in particular PEST-analysis. The generalized results are presented in table 3.

It is noticeable that among the four classical spheres of the macroenvironment, the factors of the first two groups (political and economic) predominate significantly. Thus, among the political factors, the probability of the development of hostilities in the country is the most assessed. There is a clear tendency to significantly reduce foreign investment in any agglomeration, and the national economy as a whole, in the event of a high threat to future investment in the form of hostilities in the country and / or in some regions.

Table 3

The degree of influence of macro-environmental factors on the formation of the international investment attractiveness of the Odessa agglomeration (PEST analysis report)

Spheres of macroenvironment	The name of the factor	Ступінь впливу
P - Political factors	Probability of hostilities in the country	3
	Environmental legislation	2
	Bureaucratization and the level of corruption	2
	Antitrust and labor legislation	2
	Tax policy (tariffs and benefits)	2
	Degree of protection of intellectual property	2
	Stability of political power and the existing government	3
	Freedom of information and independence of the media	1
E - Economic factors	The degree of globalization and openness of the economy	3
	Exchange rates of major currencies	3
	The level of development of entrepreneurship and business environment	2
	Economic growth rates	2
	The level of development of the banking sector	2
	Monetary and fiscal policy of the country	2
	Inflation rate and interest rates	2
	Unemployment rate, amount and conditions of wages	1
	The level of disposable income of the population	1
S - Socio-cultural factors	Development of tourist infrastructure	3
	Migration rate and immigration sentiment	2
	Requirements for product quality and level of service	2
	Level of health and education	2
	Population growth rates	2
	Attitude to natural and environmentally friendly products	1
T - Technological factors	Development and penetration of the Internet, mobile devices	2
	The level of innovation and technological development of the agglomeration	3
	Research and development costs	2
	Access to the latest technologies	2
	The degree of use, implementation and transfer of technology	2

Source: author's development.

Therefore, the emergence of a likely threat to investment is the reason for reducing the investment attractiveness of the agglomeration. During the processing of the results of the PEST analysis in Ukraine, hostilities were launched and martial law was imposed. This will have a significant impact on attracting investment in the coming years and will change the structure. Environmental legislation also plays an important role, as combining it with innovation provides opportunities for business development and employment, thereby stimulating further investment [571]. Bureaucracy and corruption are "classic" negative factors for international investment attractiveness. One of the important tools for creating an attractive image of investment objects is tax policy. Proper tax reform can help bring businesses out of the shadow economy, attracting the attention of investors [572]. Among economic factors, the first position is occupied by the degree of globalization and the level of openness of the economy. As investors actively respond to any instability in the country, both political and economic, to increase investment attractiveness by integrating Ukraine into the world economic space, it would be appropriate to join the world regulatory norms [573]. Rational monetary policy can provide a strong impetus for the active development of the national economy, thereby increasing investment attractiveness. For the development of entrepreneurship and business environment it is necessary to create favorable conditions for doing business. Improving the business climate is a prerequisite for raising the country's level of economic development and further integration into the EU common market. Transparency of the market, the establishment of control bodies, the removal of regulatory barriers are the key to the active development of entrepreneurship and attract international investment [574]. When investing abroad, an important factor for investors is the availability of qualified personnel. In the course of investment activity, the effect of the modernization multiplier is formed, which leads to higher requirements for the work of enterprises. Due to the attraction of foreign investment, there are appropriate standards that are mandatory at all stages - from supply and schedules and the technological process itself to improve the quality of final products [575]. Technological factors are one of the key in today's conditions for increasing international investment attractiveness and include a set of measures: development and penetration of the Internet, technological development and the level of innovation, their use and implementation. It should be noted that the COVID-19 pandemic has significantly accelerated long-term trends in digital transformation [576].

The realization of the previously achieved level of international investment attractiveness of the Odessa agglomeration takes place in the form of attracting and placing foreign direct investment - both in the form of equity participation and through debt instruments. The analysis of the dynamics, structure and trends of such investments conducted in the framework of this study requires preliminary clarification of the information base. Retreat of open data is currently complicated by the change from the first quarter. In 2020, the National Bank of Ukraine became the responsible body for methodological processing and publication of such materials. This is due to the fact that the NBU compiles Ukraine's balance of payments and is therefore interested in providing the most accurate statistical information harmonized with international standards (6th edition of the IMF's Balance of Payments and International Investment Position Manual). As a result, retrospective data on foreign investment for 2015-2019 were revised, and the information posted on the official resources of the State Statistics Service of Ukraine lost relevance. As the regional distribution of foreign direct investment by investors and communities by communities and districts is not included in the national balance of payments reporting, these data ceased to be published in 2019. Therefore, compare the dynamics of foreign investment to and from Odessa region (Fig. 2).

The significant advantage of incoming investment flows over outgoing ones during the analyzed period is clearly demonstrated, which allows us to conclude that the region is absolutely recipient in the investment sphere. It should be noted that the consequences of the quarantine restrictions of 2020-2021 for the economy of Odessa region are noticeable, but the total level of funds raised from abroad was at least 1 billion US dollars per quarter, although in the second quarter. 2020 - I quarter In 2021, a certain decline in investment dynamics was observed. Against this background, the initial investment from the region remained in the range of 25-30 million dollars.

Since at the time of the study there was no comprehensive information on the amount of investment in all communities in the public domain, it is necessary to analyze the dynamics of foreign direct investment in the largest of them (Table 4).

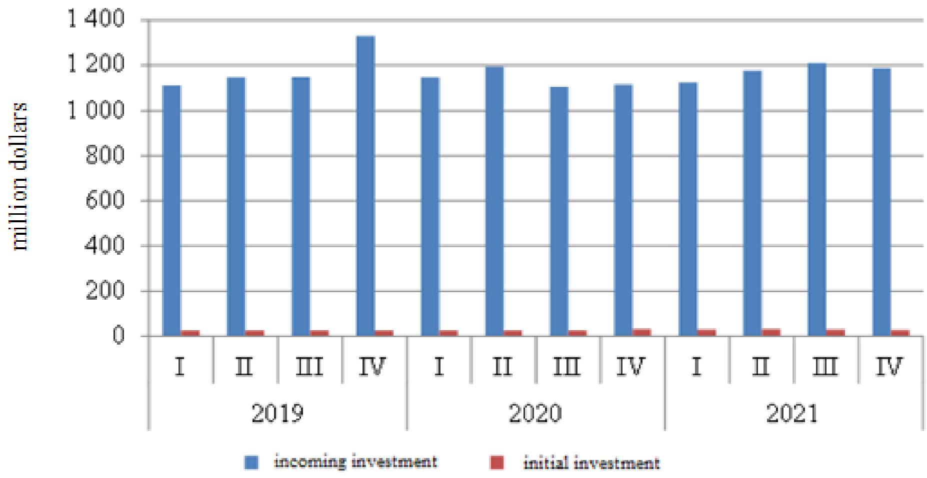

Figure 2. Dynamics of foreign direct investment to and from Odessa region in 2019 - 2021

Source: calculated and constructed by the author on the basis of.

Table 4

Dynamics of foreign direct investment in the largest urban communities of the Odessa agglomeration in 2012 - 2021, million dollars

Territorial unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Odesa region	1 220,5	1 629,1	1 423,3	1 320,3	1 228,8	1 203,3	1 202,6	1 329,6	1 116,7	1 188,3
Odesa	745,3	739,6	605,7	547,0	533,6	531,0	468,4	551,9	457,9	430,5
% of the area	61,1	45,4	42,6	41,4	43,4	44,1	38,9	41,5	41,0	36,2
Chornomorsk	-	-	264,7	260,2	166,9	162,5	158,9	-	-	-
Yuzhne	-	-	93,4	93,6	93,7	93,6	93,6	-	-	-
Biliaivka	-	-	-	1,6	0,6	0,5	0,5	-	-	-

Source: compiled on the basis [567, 570, 577].

The data illustrate the place of Odessa in the formation of the investment profile - every year the city accounted for about 40 cents from $ 1 investment in equity. Although starting from 2018 the share of Odessa in the amount of foreign funds attracted to the regional economic complex is gradually declining, this trend is not exclusively negative, but on the contrary - is evidence of investment diversification of the region. Assessing the available information on the scale of investment in other major cities of the Odessa agglomeration, we note that only the city of Yuzhne maintains a relatively stable level of investment. Consider the results of successful attraction of direct investment in the economy of the agglomeration on the example of the largest corporate investors (Table 5).

Table 5

The largest corporate investors of the Odessa agglomeration in 2020

Name	Country of Origin	Activity center	Investment volume, million USD	Specialization
Delta Wilmar Ukraine	Singapore	Yuzhne	270	food industry
MV Cargo	Ukraine - USA	Yuzhne	150	logistics
Brooklyn-Kyiv	Ukraine - Switzerland	Odesa	120	logistics
RISOIL S.A.	Switzerland	Chornomors′k	100	logistics
GURIS INSAAT VE MUHENDISLIK AS	Turkey	Ovidiopol′	56	construction
UKRATLANTIC	France	Odesa	40	instrument making

Source: compiled according to data [578]

According to the information provided, a total of 7 largest investors in the region have implemented projects worth more than $ 1 billion. Most of this amount is related to the development of the logistics capacity of commercial seaports. Among non-port companies, a notable investor is Delta Vilmar Ukraine, which focuses on the production of oil and fat products, which is supplied to more than 260 food companies in Ukraine and exported to the EU and China. Investments in the "green economy" are attracted by the Turkish company GURIS INSAAT VE MUHENDISLIK AS, which has implemented a number of renewable energy projects. High-tech industries are represented by UKRATLANTIC, whose investment project allowed to create a modern production of water heaters and convectors in Odessa, occupying, respectively, 30% and 20% of the market in Ukraine. In general, it should be noted that foreign investment in the economy of the Odessa agglomeration is diversified, which has a positive effect on the diversification of the economic complex and ensures balanced economic development and economic stability through sectoral diversification..