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EU INVESTMENT POLICY AS THE BASIS FOR SUSTAINABLE DEVELOPMENT: IMPLEMENTATION PROSPECTS IN UKRAINE

Abstract. *Ukraine has no state investment policy capable of securing the achievement of sustainable development goals. The purpose of this article is to analyze the experience of the European Union (EU) regarding the use of the investment policy for sustainable development and, on this basis, to offer the provisions to be further taken into account when forming the investment policy of Ukraine to achieve the sustainable development goal. The authors focus on the investment policy of the EU countries, as the Czech Republic, Poland, Hungary, Germany, Austria, Britain, France, Italy, and Greece. The analysis of the investment policy of these countries revealed both positive and negative aspects. Based on the experience of the EU countries, it was suggested what positive approaches of the investment policy of the European countries should be considered in the laws of Ukraine. Based on the principles of investment policy development for sustainable development proposed in the UNCTAD report, national sustainable development paradigm of Ukraine and EU countries' experience, the authors defined what the investment policy of Ukraine should be like in terms of sustainable development.*

Key words: *investment policy, sustainable development, EU experience, laws, perspectives.*

1. Introduction

To ensure the investment attractiveness, the state should focus on the implementation of the appropriate investment policy. The balanced, consistent investment policy is able to stimulate the investment income and, consequently, create a basis for achievement of the sustainable development goals. Besides, the sustainable development concept is flexible and developing, provides guidance to assess the quality of investment processes (Cotula, 2016). So, an important element for investment attractiveness of Ukraine is an effective state investment policy, which should ensure sustainable development. Still, it must be remembered that sustainable development promotion in many countries ultimately helps encouraging the investments increasing the stability. In this sense, there is no economic activity more important to achieve the sustainable development than investment (Cosbey et al, 2004).

In this situation, the development and implementation prospect of an appropriate investment policy is an important priority for Ukraine.

Before an investor decides to invest in a country, it analyzes the local economic, political and social situation, environment and regulations determining the investment policy of the state. Still, the sustainable development is not based on individuals economic, social, environmental or institutional dimensions, but on their system, and is considered as an integrated whole (Ciegis and Martinkus, 2009).

In 2012, UNCTAD produced a report dedicated to the investment policy framework for sustainable development. In 2015, a revised edition was released (UNCTAD, 2015), which shows the main principles of investment policy development for sustainable development. These principles include investment in sustainable development (in order to develop a comprehensive investment policy, it is required to promote the investments for inclusive growth and sustainable development); consistency of policies (investment policy should be based on the overall development strategy of the country. All the policies affecting the investment must be consistent and synergetic both at the national and international levels); governance and institutions (investment policy should be developed with involvement of all stakeholders and implemented in the institutional framework based on the rule of law meeting the highest standards of governance and providing the predictable, efficient and transparent procedures for investors); the dynamic policy-making (investment policy should be regularly checked for effectiveness and relevance and be adapted to the changing developments); balanced rights and obligations (the investment policy should be balanced when determining the rights and obligations of investors and meet everyone’s development interests); the right to regulate (every country has a sovereign right to determine the entry and operational conditions for foreign investment in accordance with international obligations in the interest of the public good and to minimize the potential adverse consequences); openness to investment (in accordance with the

development strategy of each country, the investment policy should establish open, stable and predictable conditions for investment entry); investment protection (the investment policy should provide for an adequate protection for investors. The investor treatment should be non-discriminatory); investment and assistance (the policy encouraging and simplifying the investment should be consistent with the sustainable development goals and minimize the risk of harmful competition for investment); corporate governance and responsibility (the investment policy should promote the adoption of and adherence to the international best practices in corporate social responsibility and good corporate governance); international cooperation (the international community should work together to address the common challenges in the field of investment and development, especially in the least developed countries. It is also required to take a collective effort to avoid the investment protectionism).

The National Sustainable Development Paradigm of Ukraine notes that the second important conclusion about the sustainable development trends is to find its projective model. It is about building a relevant policy, and shifting the conceptual sustainable development goals into the projective plane. It is noted that this applies primarily to streamlining the investment policy, which should be flexible and mobile in relation to the changing priorities of each space-time model of sustainable development (Paton, 2012)

The investment policy of Ukraine doesn't meet the said principles of investment policy for sustainable development, but the state should strive to implement them when determining the investment strategy. To achieve the goals, it is required to move society towards sustainability, and this movement should be encouraged by investments requiring the strategic planning (Robèrtet al, 2002).

The contents of state regulation of the investment activity is defined by the goals set to the state, as well as the means and tools available to the state when determining the investment strategy, which is provided by the investment policy. Therefore, the content of the public investment policy should provide for an effective, targeted and reasoned position of public authorities to stimulate the investment for sustainable development at different government levels (national, regional, sectoral).

An important task of the government is to improve the investment policy of the state, priorities and mechanisms of its implementation with a focus on the sustainable development goals and the need to exploit the potential of Ukraine's economy. Therefore, the real solution of the challenge of developing a sustainable investment strategy requires appropriate decisions of public authorities defining the investment policy. Therefore, the government agencies of the country play a crucial role in shaping a coherent, systematic investment policy.

Given that today Ukraine faces an ambitious objective to implement the provisions of the association agreement between Ukraine and the EU and ensure the European vector of Ukraine's development, the investment policy of

the state should build the foundations to implement the sustainable development goals throughout Ukraine.

The experience of the public investment strategies of a number of EU countries to attract stable investment shows a positive trend, so this experience should be studied and implemented in Ukraine to support Ukraine's aspirations for sustainable development.

2. Investment policy in the EU countries

The investment laws of the Visegrad Group are relevant for Ukraine. The Visegrad Group countries offer to investors the benefits of economic and political security, and access to a large and wealthy market at relatively low operating business costs, as well as various allowances and preferences (Dorożyński and Kuna-Marszałek, 2016).

Due to its strategic location, competitive infrastructure, educated workforce, developed real estate market and support of Czech investors, the *Czech Republic* is one of the most attractive countries for investment in multinational firms (Basile et al, 2008). The laws of the Czech Republic are based on the same legal support of both domestic and foreign investors, which are equal before the Czech tax laws. The Government of the Czech Republic offers support to the new and existing investors in covering 60% of the costs associated with investment projects. The support is provided under the national scheme of investment incentives. Special activities, such as the creation of centers of research and development, are also supported by EU structural funds. The forms of investment incentives in the Czech Republic include the tax relief for up to ten years; financial support for creation of new jobs (EUR 2,000 per job created); financial support for training and retraining of new employees (up to 45% of the total education costs); cash grants for strategic investments in industry and technology sector (Czechinvest, 2013).

One of the strategic objectives of the Czech Republic Government is attraction of foreign investments in the Czech economy. The instrument of this policy is the creation and operation of strategic industrial zone regimes. In the field of foreign investment attraction into the Czech Republic, the issue of industrial zone promotion has a priority. The policy of the Czech Republic is aimed at achieving specific economic results in the form of foreign investment, technology and job creation. The investment and jobs created have a synergistic effect for supply of materials, components and related services provided to investors (Review of the state of the economy and the main areas of foreign economic activity of the Czech Republic in 2016, 2017).

The Czech Republic provides support in the form of direct grants, interest rate subsidies and non-repayable financial assistance from the state budget, as well as free or concessional transfer of state assets to support the industrial zone development. This program is aimed primarily at increased competitiveness of the investment environment, especially in economically disadvantaged or structurally affected regions, and is designed to create new jobs (Review of the state of the economy and the main

areas of foreign economic activity of the Czech Republic in 2016, 2017). According to the Law on Investment Incentives (Promotion), the investors, scientific research and design organizations, as well as innovative enterprises are provided benefits in the form of significantly lowered rental rates for office and industrial buildings in comparison with the market ones, as well as provision of business services at a relatively low cost (Review of the state of the economy and the main areas of foreign economic activity of the Czech Republic in 2016, 2017).

With regard to the investment policy in general, the openness to foreign investment and free competitive market allowed the Czech Republic to obtain a positive growth prospect. Therefore, the key macroeconomic reform and microeconomic progress established a relatively stable and secure environment for investment. The Czech Republic provides a safe investment environment and features a stable, fast growing economy.

Poland's economy is very attractive for foreign investors, since the policy of the Polish government towards foreign investment is friendly and open. The Polish government offers to foreign investors a variety of incentives, depending on the type of investment, including the attractive incentives for foreign investors who invest in areas with high unemployment. The rate of government assistance (in the form of tax and customs privileges) for such investors is 50%. For SMEs, it is 65%. Special subsidies are granted to entrepreneurs who invest in the scientific research. These projects can expect up to 100% government subsidies (Invest in Poland, 2016). The government grants are provided to foreign investors based on the Program for the supporting investments of major importance to the Polish economy for the years 2011–2020, adopted by the Council of Ministers of the Republic of Poland on July 5, 2011 and consolidated on October 27, 2014 (Ministry of Economy, 2014).

It is also worth noting that the local governments are granted autonomy to regulate the investment business. Such steps allow attracting the investors and ensuring the development of the country's strategic directions (Popova and Tarasenko, 2017).

Two processes have increased the investment attractiveness of Poland:

• The strategy of economic reforms, which is based on three pillars: macroeconomic stabilization, macroeconomic liberalization, and institutional reforms. The coverage of this reform and its rapid implementation are vital to its success (Fischer, 1993; Investing in Poland: Untapped Potential, 2017).

• Poland's accession to the European Union, which reduced the cost of moving the employees, capital, goods and services, and helped reducing the political and regulatory risks (such as limiting the use of discriminatory practices in the single EU market) (Investing in Poland: Untapped Potential, 2017).

Hungarian economy is open to foreign investment, and the activities of foreign investors are allowed in almost all of its fields. The intensive inflow of direct foreign investment into this country economy since the beginning of the post-socialist era was largely secured by

intensive sales of state assets to foreign investors (Vyshyvana, 2007).

Hungary implemented a set of state investment support programs. The most prominent of them is the Economic Development Fund, one of the main objectives of which is to stimulate the investment in small and medium Hungarian enterprises by provision of soft loans. The foreign investment support in Hungary is governed by the practice of "individual" approach to investors in terms of the benefits available to them. In recent years, the practice of concluding the strategic partnership agreements with the major investors has been introduced. Along with this, the support of depressive regions by stimulating investment on a territorial basis should be noted. For this purpose, the Hungarian company may receive subsidies of up to 50% of the planned investment. The size of the support depends on the territory development level. State support of investments in the field of scientific development and innovation development has been expanded substantially (Review of the state of the economy and main directions of foreign economic activity of Hungary in 2016, 2016).

Analysis of the laws reveals the following features of investment activity regulation in Hungary: simplification of procedures for registration of legal entities, introduction of the state investment support program, concessional loans for small and medium-sized Hungarian companies, the practice of "individual" approach to investors in terms of the privileges granted to them, support of the depressed regions through the investment stimulation according to the territorial principle, and the use of the practices of creating the industrial parks for capital raising.

Therefore, the experience of the Czech Republic, Poland, and Hungary is valuable for Ukraine when developing the investment policy. Each country established its own regulatory regime of the investment activity affecting the level of the country's investment attractiveness. Some countries use more stringent methods of regulating the investors' activities, while the others, on the contrary, have created liberal laws promoting the capital inflows. In some countries, the admission of foreign investment to the economy is governed by a single regulation, while in the others, various aspects of investment are governed by a set of regulations. Common to these countries is that the foreign investors are guaranteed a national tax regime. All benefits are available to any investor, regardless of its nationality, subject to its compliance with certain requirements. The activities of foreign investors are permitted in almost all sectors of the economy; they are allowed to buy real estate, including the land. An important role in shaping the investment attractiveness is played by the local governments and specialized organizations entrusted with the authority to control the investment process. An important factor in the investment attractiveness of these countries is the stability of their laws, since the potential investors assess the investment conditions and available safeguards to protect the investors' rights.

Germany has a law on the regulation of investment activities ("Investmentgesetz") fully adapted to the EU norms, as well as the other regulations governing the investment grants and subsidies. According to the adapted laws in Germany, the investors can benefit from the numerous government incentives for all investors, regardless of whether they are German nationals or not. The funds are provided by the government of Germany, certain federal lands and the European Union. The forms of such support can range from cash to labor, as well as research and development encouragement. The funds provided in the form of irreversible subsidies are an essential part of these measures. Various forms of incentives can be combined. The level of available subsidies depends mainly on the company size and the number of its employees. The grants and subsidies in Germany are usually given on certain conditions, for example, activities in the supported industrial sector, the minimum number of employees over a certain period, all of the proceeds must remain in an industrial enterprise (Review of the state of the economy and the main directions of foreign economic activity of the Federal Republic of Germany in 2015, 2016). The investment subsidy (Investitionszulage) is calculated as a percentage of the cost of acquisition or manufacturing of the new production property, buildings, machinery and equipment (except for the aircrafts and passenger cars). These investments must be made in the territory of six eastern lands, as a part of new investment projects in processing industry, production services, and hospitality industry (Review of the state of the economy and the main directions of foreign economic activity of the Federal Republic of Germany in 2015, 2016). To overcome the difference in land development, Germany implemented a system of investment incentives. In this regard, the state offered mainly the following incentives which, on the one hand, are based on the tax revenue reduction and, on the other, do not require significant budgetary costs. These instruments primarily include the depreciation mechanism features. So, along with the standard depreciation charges, the foreign investors have the right to write off the investment in the purchase or production of fixed assets during the first year. Besides, the bank loans with reduced interest rate are available for investment in fixed assets. 35% of the total investments in the country were covered by various kinds of investment surcharges. The state also offset up to 23% of the costs for construction, expansion of production capacities and rationalization or restructuring of the companies. The incentives are available to both foreign and domestic investors. Foreign investors are offered a number of programs to stimulate the inflow of capital into certain industries, including the high tech. Besides, each federal land has developed its own development programs subject to provision of appropriate investment incentives, especially for the territories lagging behind in their economic development (Vyshyvana, 2007).

Thus, the foreign investment plays an important role the German economy. For foreign investors, Germany estab-

lished a national treatment and the laws don't provide for restrictions on the foreign capital import and export. A nonresident can freely invest in the economy of Germany, buy property for personal use or company construction. There is a large number of companies with foreign share in the country; they actively use the scientific and technological achievements of the parent companies located abroad.

In *Austria*, an effective system aimed at supporting the investment activities of foreign investors is created. The most attractive offers for foreign investors in Austria are the tax benefits on income received as a result of participation in the activities of another company. Where an Austrian company receives dividends from a foreign company, according to the national laws, they are not subject to income tax, provided that the following conditions are met: the legal form of a foreign company must correspond to the Austrian counterparts; the Austrian company investment share must be at least 25% of the total; the investments must be made within 12 months; the share of investment in the other similar companies should not exceed 25% of the total operations of a foreign company (except for the companies owning a bank). The Austrian laws grant the income tax exemptions to the companies transferring dividends to their country of origin. The release of foreign investment from tax also applies to indirect profits. Austria was one of the most successful countries in regulating and stimulating the foreign investment through the development and implementation of an effective mechanism to attract foreign capital in the national economy based on a modern system of economic and legal regulations on investment (Dupay, 2014).

The main feature of the *British* policy in the field of foreign investment has been and remains the desire to encourage the inflow of investment. UK policy is to encourage the investments from nonresidents, attract the foreign direct investment in the country, accompanied by the importation of advanced foreign technology and job growth. In the UK, the exchange control mechanism contributes to the inflow of foreign investment, but there are strict rules under which foreign the firms established to import and sell the products manufactured outside the "sterling zone" in the British market shall be financed exclusively with their funds, not obtained in the UK. However, there are exceptions to this procedure when the created company is a major concern for the UK economy. In this case, a foreign investor can receive UK loans for its business development. The UK developed and applies a system of financial incentives for investors, which are the same for national and foreign companies. First of all, financial support and various incentives are available to the firms focused on the development areas, i.e. a part of Scotland and Wales, Liverpool and Merseyside districts, North-East and South-West England. "An important role in shaping the investment policy of UK regions is played by the regional development agencies and corporations (Scottish and Welsh Development Agency, London Development Corporation areas and

river docks Meyser). Such organizations can better focus on the study of the problems and advantages of the region and ensure its continued prosperity" (Shevchenko, 2010).

Thus, the UK laws promote the inflow of investment, and applies a system of financial incentives available to both national and foreign companies.

The experience of *Italy* is particularly interesting, because both Ukraine and Italy feature the regional heterogeneity. In Italy, the regional heterogeneity has historical roots, and despite the long-standing efforts of the state, the disparity in the level of socio-economic development of the territories remains significant as compared to the European standards. The depressed regions of Italy are the agricultural South, the territory of which is a home to 40% of the population with the production representing more than 25% of the total GDP (Travaglini, 2012).

The economic system of Italy has been formed in terms of the capital deficit for the local industrial development, budget deficit, inefficiency of public enterprises and securities market. However, Italy managed to stop the decline and economic slowdown. Over the past decade, Italy has shown a strong economic growth.

The main instruments of the state investment policy of Italy is a lack of the tax discrimination between foreign and domestic investors; investment subsidies; tax subsidies; support of entrepreneurs in problem areas; online availability of information for potential investors etc.

The laws of Italy, in particular the Decree for the South (Act 91 of 2017) provides for a "special economic zone (ZES – Zone Economica Speciale), which is guided by port authorities in less developed South areas and islands of Italy (Abruzzo, Basilicata, Calabria, Campania, Molise Puglia, Sardinia and Sicily regions). The investors can access the tax benefits up to EUR 50 mln, employ the incentives, reduce the bureaucracy and receive reimbursement of IRAP regional business tax, covered by the national allocation of EUR 25 mln for 2018, EUR 31.5 mln for 2019, and EUR 150.2 million for 2020 (Bureau of Economic and Business Affairs, 2018).

In January 2018, the Italian government granted a "super depreciation" and "hyper depreciation" to investment in specific economy sectors. In 2017, the Government launched the "Industry 4.0" initiative aimed at improved competitiveness of the Italian industrial sector through a combination of policies, research and infrastructure funding (Bureau of Economic and Business Affairs, 2018).

Thus, the investment policy in Italy is remarkable for stimulation of investment activity in depressed regions for their development. It is extremely relevant for Ukraine.

The legal regulation of investment activity in *France* is governed by the Code of Financial and Monetary System, and a number of regulations since 1996, which completed the reform of laws for foreign investment liberalization in France. The French laws provides for three modes of investment regulation ensuring an effective impact on stimula-

tion of the country's economic system, namely investment requiring a prior authorization; investment requiring an administrative declaration; investment requiring statistical declaration (Abesalashvili, 2015).

The French government established a preferential tax treatment for companies operating in several regions of the country, i.e. special industrial areas (near Dunkirk, La Ciotat, and La Seine). The tax incentives are granted to the companies implementing the staff training program in the workplace, and companies implementing a scientific and technical research program. "The government of France also implements a special program to attract foreign investors in the development of research centers in the country. The priority when allocating the government grants is given to the companies investing in: 1) design and development, management system and mathematical support tools; 2) areas outside the "big Paris"; 3) companies with at least 30 jobs during the first three years of operation" (Zatonatska, 2014).

Therefore, the main distinguishing features of the French model of investment process regulation include the following: absence of a special law regulating the investment activities; low control of foreign companies operating in the country; "market access system"; "government notification" system; a clear distinction between direct and other foreign investments, as well as the system of tax preferences for certain businesses.

It should be noted that not only the positive, but also the negative experience must be explored. This will allow detecting the errors in the investment policy of these states, and avoiding them in Ukraine. A striking example of the low investment attractiveness is *Greece*. A low attractiveness of Greece as the investment host country is the result of a complex tax system, bureaucracy and corruption incidents in the public sector. Moreover, the Greek regions are still lagging behind in development of the factors capable of attracting investment because of a lack of strong connection between investment, production, employment, human capital and specialized production factors. The Greek economy is mainly focused on activities with low added value, where quality, planning, innovation and know-how of products (goods and services) are relatively low (Kokkinou and Psycharis, 2004).

Summarizing the experience of the European countries, it should be noted that a small number of countries has huge investments. Many countries have to make efforts to ensure the required level of investment inflows, since they experience a decline in foreign direct investment. The reasons may be different, depending on the country. In particular, the main reasons include an increased competition for FDI with Asian countries, the loss of advantages by some countries of the Central and Eastern Europe, corruption and bureaucratic components of the investment process etc. However, the investment policies in several European countries have many positive developments, which Ukraine must take into account to form an effective investment model in terms of sustainable development.

3. Investment policy of Ukraine

The fundamental regulations defining the investment policy of Ukraine are the Commercial Code of Ukraine (CC of Ukraine), Laws of Ukraine on Investment and on Foreign Investment. For example, according to the Civil Code of Ukraine (Verkhovna Rada of Ukraine, 2003), the investment policy of the state is one of the main directions of state economic policy aimed at creating the required conditions for the business entities to attract and concentrate the funds for expanded reproduction of fixed assets, mainly in the areas, the development of which is a priority according to the structural and sectoral policies, as well as ensuring an efficient and responsible use and monitoring of resources.

The CC of Ukraine regulates some aspects of foreign investors' activities, but the main directions of investment policy towards the domestic investors remained out of sight of this codified act. The Laws of Ukraine on Investment (Verkhovna Rada of Ukraine, 1991) and on Foreign Investment (Verkhovna Rada of Ukraine, 1996) were adopted in the 1990s. That period was significantly different from the present times in socio-economic and political terms, so these pieces of laws are not able to ensure an adequate public investment policy. Fragmentary changes made to these regulations during the years of Ukraine's independence cannot solve the accumulated problems.

Analyzing the investment policy of Ukraine, it is feasible to highlight the major determinants affecting the investment attractiveness of Ukraine. First, these are the military actions occurring in the eastern regions of Ukraine. This is confirmed by statistics (Ministry of Economic Development and Trade of Ukraine, 2018). For example, in 2013 (the beginning of this process), the FDI accounted for USD 5.5 billion, while in 2014, they reduced significantly to USD 2.5 billion. However, to date, this factor is not determinative, since the employers have adapted to this situation, and it immediately affected the investment inflow in 2016, and foreign direct investment amounted to USD 4.4 billion. At the same time, be aware that this level of investment inflow cannot address the current issues in the economy of Ukraine.

Another, not less important, determinant is the instability of the laws of Ukraine. The frequent changes in tax laws have a particularly negative impact on the investment image of Ukraine. To resolve this issue, the law guaranteeing the stability of the tax laws is needed, but in practice, these provisions are violated continuously.

Another determinant is the corruption, which has become an integral feature of Ukrainian reality and touched all spheres of society. The state adopted a series of long-term policy documents providing for the direction to combat corruption. The laws to combat corruption are frequently adopted. However, the more laws to combat corruption the government adopts, the more sophisticated the corrupt techniques become. The main task of the legislator is to avoid passing the laws containing the provisions, which can be used for corrupt purposes.

The next determinant affecting the investment policy of Ukraine is the ex-

cessive regulation of certain business procedures. To solve this problem, the legislator continuously adopts the regulations aimed at simplifying various business procedures. However, this problem remains unresolved.

The analysis shows that the state investment policy of Ukraine doesn't provide for the formation of effective mechanisms to attract the investments in the national economy. The legislator has no strategy to make Ukraine attractive for investment, but continuously adopts non-systematized laws intended to solve the short-term problems. The state investment policy of Ukraine fails to reflect promptly the changes in the political situation of the country. The laws presented as aimed at simplifying the procedures for investors are formal and don't have a significant impact on investment attraction. The current investment policy of Ukraine is not favorable to attract the investment in the industry. The investment funds are distributed extremely unevenly between cities, mainly focusing on the major regional cities and towns rich in natural resources. The remaining cities are not able to use the investment potential.

A comparative analysis of the investment policy of the EU and Ukraine shows that a number of positive provisions inherent in the investment policy of the EU are not reflected in the investment policy of Ukraine or there is no implementation mechanism for the same. The example of such provisions are given in Table 1.

Table 1.

EU investment policy provisions, which should be borrowed

EU countries	EU investment policy provisions, which should be borrowed	Reflection in the investment policy of Ukraine
Czech Republic	Stable and reliable environment for investors	Stability and reliability are absent
Poland	Local governments regulate the investment on their own	The investment activity is regulated at the state level
Hungary	State investment support program	A similar program exists, but its implementation mechanism is lacking
Germany	Investment incentive system	The investment incentive system is unstable, changing continuously
UK	Single financial incentive system for national and foreign companies	The incentives for national and foreign investors may differ
Italy	Investment stimulation system for depressed regions	The laws provide for incentives for investors in depressed regions, but they are declarative and don't promote the development of depressed regions
France	The policy of reducing the risk of investing money in investment funds	There is no effective mechanism to reduce the risks for investors in investment funds

Source: *complied by authors*

4. Conclusion

1. The current investment policy of Ukraine does not allow attracting investments to implement the sustainable development goals. A systematic nationwide approach to this issue is required, so it is needed to develop a modern investment strategy to increase the investment attractiveness of the state for foreign and domestic investors.

2. The experience in most EU countries shows that an adequate investment policy with the balanced public and investors' interests can provide the investment inflow and a sustainable development of these countries.

3. Considering the basic principles of investment policy development for sustainable development proposed in the UNCTAD report, a National Sustainable Development Paradigm of Ukraine and EU experience regarding the formation and implementation of the investment policy, it can be argued that Ukraine's investment policy in terms of sustainable development must be a dynamic state strategy, involve the state bodies' efforts aimed at attracting investment for sustainable development and establish the rule of law based on predictable, stable and transparent procedures for investors, balanced rights and obligations, effective protection of investors' rights, incentives and facilitation of investments, and take into account the best international practices.

4. Sustainable development requires implementation of the European experience of investment policy development in Ukraine. It is therefore required to consider the positive legal provisions of various EU countries promoting the investment inflows and, consequently, sustainable development in the laws of Ukraine. Specifically, to develop an effective investment model of the state in terms of sustainability, it is advisable to adopt a policy of reducing the risk of investing money in investment funds from France; the system of incentives for investment from Germany; a common system of financial incentives for national and foreign companies from the UK; a program of state investment support from Hungary; a the system of incentives for investment activity in depressed regions from Italy; a mechanism to ensure a stable and reliable environment for investment from the Czech Republic; and provision of autonomy to local governments as regards the investment regulation from Poland.

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