

Ministry of Education and Science of Ukraine
Ukrainian-American Concordia University
Department of International Economic Relations, Business & Management

Bachelor's Qualification Work

Activities of TNCs in the markets of Ukraine (on specific examples)

(on the basis of Boss Optical Design)

Bachelor's student of

Field of Study 29 – International Relations

Speciality 292 – International Economic

Relations

Educational program – International Business

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Abstract

Transnational companies (TNCs) have risen to unprecedented levels of weight and power in the global political economy. As a result, the age-old topic of how big corporations impact global development is more important than ever. While some experts believe that corporate globalization would ultimately reduce the global development gap, many others believe that TNC operations contribute to undervaluation of the host country's economic potential, keeping national income levels from converging.

The study aims to assess the validity of these conflicting positions by comparing them with the results of past and present empirical studies. In this paper, we consider the general characteristics of TNCs and also compare the impact of TNCs on the host country and the country that exports capital. We present the results of our own study, which analyzes the impact of the presence of foreign TNCs on the economy of Ukraine, shows directly Ukrainian TNCs and their activities on the territory of Ukraine, and also the consequences of TNCs activity for Ukraine.

Keywords: Transnational companies, Globalization, Foreign direct investments, Geopolitical foreign policy.

Транснаціональні компанії (ТНК) піднялися до безпрецедентного рівня ваги та влади у світовій політичній економії. Як наслідок, давня тема впливу великих корпорацій на глобальний розвиток стала як ніколи важливою. У той час як деякі експерти вважають, що корпоративна глобалізація в кінцевому підсумку зменшить глобальний розрив у розвитку, багато інших вважають, що операції ТНК сприяють недооцінці економічного потенціалу країни перебування, утримуючи рівні національного доходу від зближення. Дослідження має на меті оцінити обґрунтованість цих суперечливих позицій шляхом порівняння їх з результатами

минулих і сучасних досліджень. У цій роботі ми розглядаємо загальні характеристики ТНК, а також порівнюємо вплив ТНК на країну перебування та країну, яка експортує капітал. Представляємо результати власного дослідження, яке аналізує вплив присутності іноземних ТНК на економіку України, покажемо безпосередньо українські ТНК та їх діяльність на території України, а також наслідки діяльності ТНК для України.

Ключові слова: транснаціональні компанії, глобалізація, прямі іноземні інвестиції, геополітична зовнішня політика.

PHEE-institute «Ukrainian-American Concordia University»

Faculty of management and business

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Educational level: **bachelor degree**
Specialty: 292 “International Economic Relations”
Educational Program “International Economic Relations”

APPROVED

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**TASK
FOR BACHELOR’S QUALIFICATION WORK**

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1. Topic of the work

Activities of TNCs in the markets of Ukraine (on the basis of Boss Optical Design)

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Which approved by Order of University from “22” **December 2022 №22-12/2022- 1c**

2. Deadline for bachelor’s qualification work submission “19” **May 2022**




3. Data-out to the bachelor’s qualification work *materials from the official reporting of financial and economic activities of the enterprise, including the international aspect, were taken from open access on the Internet*

4. Contents of the explanatory note (list of issues to be developed) *There are three main aspects, that need to be developed by a student. First - theoretical and methodical bases for activities of TNCs in the markets of Ukraine. Second - practical aspects of Activities of TNCs in the markets of Ukraine on the example of the company. Third - propositions of improvement for activities of TNCs on the example of the company*

5. List of graphic material (with exact indication of any mandatory drawings)

Graphs and figures for analysis of economical and statistical information on the company and its development, characteristic of organizational structure of the company, visualization of mechanism of development etc.

6. Consultants for parts of the work

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Time Schedule

No	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	14.02-13.03.2022	in time
2.	II chapter	14.03-10.04.2022	in time
3.	III chapter	11.04-24.04.2022	in time
4.	Introduction, conclusions, summary	25.04 – 01.05.2022	in time
5.	Pre-defense	07.06.2022	in time

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Conclusions: Bachelor graduate work is designed in accordance with the requirements. The paper contains theoretical aspects of the research topic, practical aspects and recommendations for improvement, including the international aspect. In terms of content and design, the work complies with the rules and is recommended for defense

Supervisor _____

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Introduction

The relevance of this topic is on TNCs, their operations in Ukraine, and their influence on the Ukrainian economy, as TNCs hold one of the world's most powerful positions in the global economic system. TNCs have been the topic of heated economic arguments since their inception, and at the current stage of development of international economic relations, they occupy a dominating position in general due to their economic might.

To characterize current trends in the growth of TNCs, it is important to emphasize, first, the influence of scientific and technical advancement on the development of transnational capital, second, TNC innovation, and third, rapid development and improvement of TNC elements. In recent years, there has been no need for huge firms created for the global market within the boundaries of individual countries. It is feasible to establish plants in many countries that produce the same goods using the same technology, i.e. to unify production worldwide and coordinate joint production with enterprises situated in different areas of the globe and with different nationalities.

The STP resulted in current technology, which allows firms that specialize in the manufacturing of diverse types of products but are tied to production relations inside one organization, to be brought together. Previously, such businesses belonged to various corporations or were self-contained commercial divisions. They are now part of a shared multinational manufacturing complex, subservient to a single TNC.

It is critical to accomplish a new stage of STP in the latter third of the twentieth century. This includes the development of electronics, computer science, biotechnology, and the manufacture of novel composite materials. Under these circumstances, the "material" and "intellectual" elements of production switch positions. The advancement of satellite communications, the latest vehicles, and communications form a kind of information-movement mechanism that allows for

constant communication anywhere in the world and promotes the development of international networks of enterprises linked by a single manufacturing process. Despite the fact that they are in separate nations, they may be administered from a single centre and according to a single plan. With the aid of computer technology and contemporary methods of optical and space communications, instant information about production, sales, profitability, and so on at all sites adds to the prompt choice to modify worldwide.

As a result, TNCs may place manufacturing anywhere in the globe - wherever it is convenient for them - without being constrained by national and international borders. In other circumstances, the closeness of raw materials and items that are highly big and expensive to transport plays a critical role. Others take advantage of the close proximity to a huge market. TNCs may either recruit skilled workers or rely on a large pool of low-skilled labour in emerging nations. In all of these circumstances, manufacturing is centred on producing items in high demand by consumers and supplying them to any market or place where production is most lucrative. Production is growing more global, with enterprises working "around the world."

At the turn of the twentieth and twenty-first centuries transnational businesses receive a lot of attention (TNCs). There is no important activity in the global economy today that would occur without the presence of TNCs. They play a direct and indirect role in global economic and political activities. Although TNCs operate in the global economy, their political impact allows them to be considered alongside nations and international organizations.

In general, the study of this issue by various scholars is extremely contentious and confusing, therefore the phenomena of TNCs remains a point of contention for specialists in the study of modern international relations, as well as heads of state and politicians.

The purpose of this work is to study the activities of TNCs in the markets of Ukraine on specific examples.

The subject of the study is the specifics of functioning, features of TNCs in international relations, as well as development trends and their impact on world economic processes and, in particular, in Ukraine.

Based on the purpose of the work, the following tasks are formed:

- to analyze of general characteristics of TNCs;
- to study positive and negative consequences of TNC economic activity;
- to analyze current stage of transnationalization;
- to analyze activities of foreign TNCs in Ukraine;
- to study TNCs investments in the food industry of Ukraine on examples of Nestle, McDonalds and Coca-Cola companies;
- to study TNC investments in Ukraine's tobacco industry of Ukraine;
- to analyze TNC formation in Ukraine;
- to analyze activity of Ukrainian TNCs (on examples);
- to study consequences of TNC activity for Ukraine;

The research was conducted on the basis of the methodology of economic analysis, logical generalization and comparison of results, statistical analysis and graphical presentation of results.

Structurally, this work consists of introduction, three (3) chapters, conclusion and list of references.

CHAPTER 1 GENERAL ACTIVITIES OF TNCs

1.1 General characteristics of TNCs

A transnational corporation is a multinational firm that operates in many countries. Transnational companies (TNCs) have grown in importance as a force in the global economy. These corporations are able to combine and acquire one another, resulting in bigger organizations that eventually dominate (take over) the global economy. These businesses have expanded their operations across local, state, and national borders, earning the moniker transnational corporations.

While TNCs exist to generate a profit for their investors, they have also grown to play a significant role in our lives, such as the items we buy, the meals we eat, the entertainment we have access to, and so on.

A global firm has significant facilities, conducts business in several countries, and does not regard any one country to be its corporate home. One of the major advantages of a global corporation is that it can retain a higher level of responsiveness to the local markets where it has operations.

The amount to which a company engages in value-creating activities beyond national borders is often referred to as transnationality. In the face of accelerated globalization, managers frequently decide to expand a firm's transnationality in order to effectively compete with global rivals (e.g., Nestlé, McDonald's, Toyota, etc.) who employ senior executives from multiple countries and try to make decisions from a global perspective rather than from a single centralized headquarters. Actions involving transnational collaboration can aid in the

development of improved international relations. Resources found in countries frequently need to be dispersed over the globe, and transnationality aids this process. Transnational firms have a long history dating back to the 16th century in Western Europe. During this time, companies such as the British East India Company arose.

A transnational corporation is made up of a parent holding company and foreign-controlled subsidiaries.

The country in which the TNC's headquarters or parent holding company is based is referred to as the transnational firm's home country.

The host nation is the country in which TNC-controlled firms are situated.

The parent holding company is often known as the parent company. It is a corporation that manages the assets of other companies in host nations.

Foreign firms of a transnational corporation are typically included under the umbrella term "foreign branches." These are incorporated or unincorporated businesses in which foreign investors hold money, allowing them to have a long-term economic stake in management.

In contrast to non-incorporated firms, which do not have their own balance sheet and report their earnings and losses on the parent company's books, incorporated enterprises have the status of an independent legal entity in the host nation.

TNCs' parent companies serve as a command and control hub, as well as a strategic decision-making hub. The worldwide model of intra-corporate mobility of elements of production is defined here, as are the locations of branches, the quantities and variety of their goods, markets, technology transfer strategy, and financial sources for overseas activities.

Branches manage the production of products and services, as well as commerce and research.

Move goods, capital, technology, and management from the parent business to the branch. However, the same flows of production components might be directed from one branch to another, or even from one branch to the parent business.

The attempt to overcome global competition was the main cause for the formation of the framework of transnational kind of entrepreneurship. The introduction of new markets raised the need for increasing manufacturing. The mobility of workers and the expansion of foreign investment flows both led to firm consolidation. The growth of logistics, infrastructure, computer science, and sales operations was required for the company's transnationalization.

Historically, there are many stages in the establishment of TNCs, each of which has its own set of issues (*Table 1.1*).

Table 1.1.

Stages of creation of transnational companies

Stage	Period	Characteristic	Problems	Benefits
1. Stage	The second third of the XIX century. - the first half of the twentieth century.	Colonial raw materials.	Development of raw materials, poorly differentiated products.	Access to resources in the colonies.
2. Stage	The period between world wars.	TNCs of the "trust" type.	Inorganic combination of national and foreign production in the organization of production, sales and after-sales service.	Military and technical progress; integration of production and sales operations.
3. Stage	1950s	TNCs of mass production.	Development of mass demand products; the need to achieve standards; relocation of labor-intensive industries to developing countries.	Redistribution of production capacity, cost reduction.

Stage	Period	Characteristic	Problems	Benefits
4. Stage	1960s – 1970s	Strengthening the image of TNCs.	Creating and confirming a favorable image.	Unification and standardization of production; integration of the structure of TNCs by national firms.
5. Stage	Since the 1980s - modern times	Global TNCs.	Functioning in global competition.	Impact on national economies; international capital and labor market.

Source : formed by the author on the basis of [4].

TNC development peaked between the 1950s and 1980s, after which TNCs began to grow to the point where they could compete in terms of cash flow with some developing economies.

Next we will analyze how a transnational company differs from a multinational company. The meanings of multinational and transnational are similar, and some researchers use these terms interchangeably. However, there is a subtle distinction between multinational and transnational organizations. The word "multinational" refers to a company that operates in many nations. The primary distinction between multinational and transnational firms is that multinational enterprises have a centralized management system that transnational enterprises do not. However, multinational and transnational corporations both have international affiliates and operate globally. Let us now examine the distinction between multinational and transnational in further depth.

Multi implies "many," while national refers to the country. Because of the number of states, these corporations can operate in more than one nation at the same time. The growth of free liberalism and free-market ideals is greatly supporting multinational enterprises. A corporation may begin in one nation and then grow to

other foreign countries, increasing its investment. As a result, a national industry becomes an international corporation. The significance of this form of organization is that, even if it extends to many other nations, there will be a centralized management structure in place, with the home firm making all major decisions. The other overseas firms will be wholly owned subsidiaries of the parent company. When we conceive of a global company's business environment, we may see it exporting and importing goods and services, purchasing and selling licenses in international markets, contract manufacturing, and so on.

While both multinational and transnational firms operate on a worldwide scale, multinational corporations have a centralized global management system, whereas transnational corporations do not. As a result, business choices are made at many levels. This restricts the decisions that individual multinational firms may make. Both, however, contribute significantly to economic growth through the provision of products and services as well as the creation of jobs.

1.2 Positive and negative consequences of TNC economic activity

Transnational firms are among the most powerful economic entities on the planet. According to some estimates, the 300 biggest TNCs possess or control over a quarter of the world's productive assets. This is estimated to be worth \$5 trillion in the United States. This highlights the overwhelming size and power of transnational corporations in global trade.

Some multinational corporations (TNCs) have a direct influence on developing countries:

Bribery is the practice of employing government employees who are active in economic policymaking and making financial donations to political parties.

To advance or safeguard their interests in developing nations, several TNCs recruit the support of developed governments. military force has been used in the past.

TNCs are the world's most powerful economic force, but no international organization is in charge of policing their conduct. This naturally benefits the rich world while hindering the growth of poorer countries.

International commerce has the potential to be a major instrument in the fight against poverty. Inequalities do, however, still persist in the international economic system.

Transnational firms spend mostly for the long term. Although TNCs frequently transfer large amounts of money from one region of the world to another, which might disrupt financial systems in some areas, we must remember that TNCs are direct investments in long-term enterprises. As a result, the operations of TNCs might be viewed as primarily beneficial to the stabilization of global capital markets. After all, they are major corporations that require a stable economic environment, including financial stability.

In the late twentieth century, the region of Central and Eastern Europe received significant amounts of foreign direct investment from TNCs.

TNCs' investment activity, however, is not restricted to direct investment, the establishment of new manufacturing facilities, or the ownership of existing ones. TNCs are also extremely active in the field of portfolio investment, and the proportion of these models' engagement in the mechanism of global capital movements is determined by specific economic aims, market conditions, and special business priorities.

TNCs' foreign direct investment increased steadily in the late 1990s. The rise in investment flows aided the growth of worldwide production. Thus, the gross product of 63 thousand TNCs and 690 thousand of their international branches in 2001 was 3.045 trillion (in 1998, there were 60 thousand TNCs and 500 thousand foreign branches in the world economy).

Table 1.2.

**Foreign direct investment of TNCs and international production,
(2014-2020)**

Year	Value at current prices, in billions of dollars.	Average annual growth, in per cent					
		2014	2015	2016	2017	2018	2019
FDI inflows	209	865	24,0	20,0	31,9	43,8	27,3
Outflow of FDI	245	800	27,6	15,7	27,0	45,6	16,4
Sales of foreign branches	5.503	13.564	15,8	10,4	11,5	21,6	17,8
Export of foreign branches	1.165	3.167	13,2	13,9	12,7	13,8	17,9
The gross product of foreign branches	1.419	3.045	16,4	7,1	15,3	25,4	17,1
Assets of foreign branches	5.706	17.680	18,0	13,7	16,5	21,2	19,8
World gross domestic product	21.473	30.551	11,7	6,3	0,6	-0,9	3,0

World exports of goods and services	4.173	6.892	15,0	9,5	1,5	-1,8	3,0
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Source : formed by the author on the basis of [7].

Other data also suggest the future development of international production: overseas affiliates' total exports exceed 3 trillion USD, and their total assets exceed 17.68 trillion USD.

These figures are impressive when compared to the size of the world economy: the total volume of imported FDI now accounts for 14% of total world investment (20% 20 years ago); the volume of goods exported by foreign branches - 46% of total world exports; and foreign affiliates account for nearly 10% of total world GDP.

In 2001, the growth rate of foreign affiliate sales outperformed the growth rate of global exports of goods and services, and the ratio of total world FDI imports and exports to global GDP expanded several times faster than the ratio of total world imports and exports to global GDP. As a result, the conclusion is that the development of worldwide production has contributed to the deepening of interdependence in the global economy to a considerably higher amount than international commerce alone could.

Foreign capital has infiltrated many nations' economies and has become a part of their reproductive process. In Australia, Belgium, Ireland, and Canada, the share of enterprises controlled by foreign capital in total manufacturing production exceed 33%; in the leading Western European countries, the share is 21-28%; and in SILA, enterprises controlled by foreign capital produce more than 10% of industrial products.

Foreign money, in the form of direct investment, plays an even more important role in developing-country economies. Companies with foreign participation account for up to 40% of industrial production in certain nations, and in

some, it predominates. We find that the great majority of foreign investment falls on developed nations, both capital-exporting and host countries, after examining the geographical pattern of foreign investment.

TNCs are generally approved on the territory of host nations (both developed and developing) in recent times. Furthermore, there is global rivalry among countries "for luring foreign direct investment, as a result of which TNCs gain tax breaks and other perks."

It is important to understand the consequences of TNC expansion in the domestic market and to determine the key routes of development for their own TNCs. Particular attention should be paid to economic security, which refers to the state of the national economy, which allows the country to meet its vital needs in material goods regardless of the emergence of force major social-political, economic, or environmental in the world economic system or within the country. In this instance, we believe that the negative economic consequences may exceed the positives, not only for the host nation but also for the home country. (*Table 1.3.*) shows the most typical pros and cons of TNCs for the host country and for the country exporting capital.

Table 1.3.

Influence of TNCs on the host and country who is exporting capital

Benefits	Host country	The country that exports capital.
	Obtaining extra resources (capital, technology, management experience, skilled labour) Stimulating national economic development, raising output and profits, and hastening economic growth and development Receipt of taxes from TNC activity.	Foreign investment outperforms comparable local investment.

Problems	Representatives from the host nation are not permitted to take part in R&D. TNCs' improved functioning and installation of external control TNCs can use pricing manipulation to avoid paying taxes.	State control of foreign investment: prohibition on investment in particular areas, special investment criteria (use of local semi-finished goods, training of local employees, R&D in the host nation, expansion of manufactured product exports), trade balance losses Investments are at risk of being seized.
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Source: formed by the author on the basis of [9; 10].

It can be added that foreign investors often "capture" the most promising and most developed sectors of host countries and can impose their corporate culture, unsafe technologies, environmentally hazardous materials, etc. on national enterprises. In many countries, industries such as metallurgy, transport, shipbuilding, energy and telecommunications are closed to foreign investors because they are the backbone of national economic security.

TNC operations are evaluated differently in their native nations. They all realize, however, that TNCs have tremendous prospects and are progressively expanding their activities beyond national borders, as well as TNC's vital role in investing in the national economy. The most troublesome aspects of TNC activity for host nations are the relationships between TNCs and national governments, as well as the achievement of TNC business objectives.

The fact that public policy, the party system, and the army cannot function without the financial and technical assistance of TNCs demonstrates the strategic unity of interests of TNCs and states. Purely political expenses have become a regular component of the costs associated with TNCs' overseas economic development.

Furthermore, American TNCs continue to fund the balance and are the primary source of maintaining and balancing foreign trade, as well as strengthening the US global military and political position, so TNCs are viewed as

an important factor in American economic and political prosperity and global influence. Naturally, TNCs are concerned about nationalization or other restrictions on their international operations and require extensive assistance and protection from the US government.

Because TNCs are naturally transnational operational structures, they also serve the role of diplomacy in the realm of foreign relations, in which they operate as political actors with significant potential:

1) The presence of a vast network of branches, subsidiaries, missions, and contacts that no diplomatic mission possesses;

2) The presence of TNCs in host nations' economies, infrastructure, and foreign commerce, as opposed to formal diplomacy, which acts at the interstate level;

3) Extending TNC control over the media and communications, which entails having a formidable weapon in shaping local public opinion;

4) The formation of an obedient force in dependent nations comprised of representatives from local political and social circles.

Also, there are some of the benefits of TNCs located in a country:

1) Increased education and skills development of employment steady income and more reliable than farming

2) Investment in infrastructure, such as new roads, benefits both communities and TNCs in their efforts to utilize natural resources.

3) A stronger economic foundation for the country.

The following are some of the disadvantages of TNCs located in a country:

1) Considering the size of the investment, there are fewer employees hired.

2) Poorer working conditions and, in certain circumstances, environmental degradation as a result of local rules being disregarded.

3) Profits flow to foreign corporations rather than local enterprises, with minimal investments in the local economy. Factories are frequently footloose, and jobs are unstable. If labour prices rise, the corporation may relocate to a location with less over-exploited natural resources.

1.3 The current stage of transnationalization

The process of strengthening global integration as a result of global TNC activities is known as transnationalization. The massive size of TNC activities is a distinguishing aspect of the current stage of transnationalization. The index of transnationality of host nations is intended to analyze the degree to which countries throughout the world have entered transnationalization processes.

It is calculated by taking the average of four indicators: the share of foreign direct investment in the country's gross capital formation; the share of cumulative foreign direct investment in GNP; employment at foreign branches as a percentage of total employment in the country; and the share of value-added created in foreign branches in GNP.

The first and second metrics demonstrate the significance of direct investment inflows and total cumulative FDI for the country. Greater capital development leads to increased country production capability. The third and fourth indicators highlight the country's reliance on TNC branch operations. These two sets of statistics are interconnected: higher figures for the percentage of direct investment frequently result in increased activity of multinational corporations' branches.

The majority of the world's largest TNCs were involved in one of four industries: electronics and electrical equipment, automotive, oil production and distribution, and the food and beverage industry.

Between 1854 and 2020, there were 34 business cycles, with each full cycle lasting around 56 months on average.

There is a tendency that every 10 years after the dynamic growth of FDI there is a two- to three-year decline.

The evaluation of General information on transnationalization, its indicators, and the research of TNC structure and rating lists allows us to move on to more General information on foreign direct investment (FDI) flows, as shown in (*fig. 1.1*).

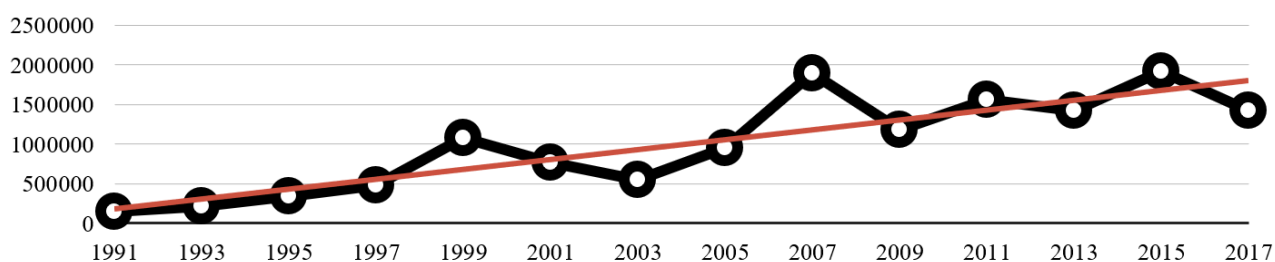


Fig 1.1. Dynamics of FDI flow, million dollars USA

Source : formed by author on the basis of [11].

According to data from the *Figure 1.1*, there is an increase tendency till 1999 based on study data from 1991 to 2017, with a two-year gap. After 1999, there is a changing tendency with no continuous constant rise or reduction. The pre-crisis year of 2007 had the highest level of FDI inflow. Following then, there was a significant drop in this indication.

Global FDI flows have increased dramatically in recent decades. New nations became more involved in the process of transnationalization, which not only became the field of TNC investment but also began to aggressively boost investment exports overseas. Capital is mostly exported by industrialized countries. The European Union, the United States, and Japan contribute 85 per cent of yearly capital outflows. This "triad" of TNCs controls 4/5 of all cumulative foreign direct investment. Another major development during the previous two decades has been the capital exportation of countries. developing.

The United States, China, EU, and Japan are all mentioned as strongholds for the international movement. The theoretically formulated section enables us to investigate this trend on practical indications, verifying or contradicting their initial statement of leadership position.

Table 1.4 shows the results of calculating the transnationalization index for the individual nations in the dynamics.

Table 1.4

The trends of the transnationalization indexes of the United States, China, Japan, and the European Union

Country / Year	2000	2006	2012	2018

Country / Year	2000	2006	2012	2018
USA	8.6	5.1	3.9	4.4
CHINA	13.9	12.8	10.7	8.1
JAPAN	0.3	-0.2	0.1	0.2
EU	30.1	18.3	14	6.9

The source is calculated and compiled by the author on the basis of statistical indicators [12].

The table depicts a situation similar to the global scale based on the dynamics of the indicator in the stated nations. The greatest value in the four areas was obtained in 2000, resulting in a dramatic, then more gradual, drop. The EU as a region leads in the measured index of economic transnationalization. When the Union's member countries are considered independently, the research takes on a distinct flavor. It is difficult to single out one leader among the single countries in 2018. Except for Japan, the indication is consistent. This is supported by the presence of TNCs in the nations listed, which has greatly changed the diversification from 2000 to 2018.

CHAPTER 2. CHARACTERISTICS OF FOREIGN TNCs IN UKRAINE

2.1 General activities of foreign TNCs in Ukraine

When analyzing the ranking of the 200 largest firms in Ukraine in 2021, it should be remembered that state-owned enterprises, as well as companies that process raw materials and offer rental services, are included. The primary industries of TNCs in Ukraine are energy and metallurgy, with the agro-industrial complex and IT corporations playing important roles. However, the industry is losing momentum, indicating that the Ukrainian market is undergoing an upheaval.

TNCs influence both host and host nations. Most host nations allow and even compete with one another in order to attract FDI, create extra employment, expand domestic commerce, innovate, and release new goods. The distribution of important Ukrainian investors is seen in (*Table 2.1*).

Table 2.1.

The main investors in Ukraine in 2019

Place	Country	FDI projects (2020)	Share, %	Created jobs, and units.
1	Cyprus	27	12	217
2	Netherlands	26	12	733
3	United Kingdom	19	8	363
4	Germany	16	6	1755
5	Switzerland	16	6	1905
6	Austria	12	4	42
7	Virgin Islands	12	4	22
8	France	12	4	555
9	Russian Federation	11	3	151
	Others	151	31	1256

	Total	161	90	6999
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Source : formed by the author on the basis of data of the State Statistics Committee of Ukraine[14].

The overall income of advanced firms in Ukraine in 2020 was roughly UAH 3.4 trillion, or USD 123 billion, the same as in 2019. In comparison, the income of the 200 largest firms in Ukraine will approach that of "General Motors," which holds 49th place in the "Fortune 500" ranking in 2020. Samsung, Glencore, and Nestle are the world leaders TNCs represented in Ukraine, ranked 15th, 34th, and 79th in the Global 500 rankings, respectively. In the Ukrainian market, these multinational firms earned UAH 17.68 billion, UAH 13.07 billion, and UAH 9.5 billion, respectively. Glen-core is a grain-growing and grain-selling firm based in Switzerland. In Ukraine, the largest TNCs that have invested significant financial resources are Pepsi Cola with investment funds - \$ 250 million, Kyivstar GSM - \$ 240 million, Coca-Cola - \$ 230 million. etc. Leading positions in 2019 are occupied by such corporations as McDonald's, Nestle, British American Tobacco.

Samsung, Glencore, and Nestle are the world leaders represented in Ukraine, ranked 15th, 34th, and 79th in the Global 500 rankings, respectively. In the Ukrainian market, these worldwide firms earned UAH 17.68 billion, UAH 13.07 billion, and UAH 9.5 billion, respectively (*Table 2.2*).

Table 2.2.

TNCs, branches of which are among the largest companies in Ukraine, 2020.

Global 500 placement	TNC	Profit, million dollars USA	Change, %	Revenue, million dollars USA	Change, %	Assets, million dollars USA	Number of employees
15	Samsung	200734,4	1,5	22116,4	19,9	347991,8	267937
34	Glencore	142338	-33,8	-1903	-	118000	87822

79	Nestle	89852,9	-3,6	13031,1	2,7	140366,7	273000
112	COFCO	76855,6	6,5	1377,6	232,6	102679,5	109839
128	Procter&Gamble	70950	4,8	13027	234,3	120700	99000
131	PepsiCo	70372	4,8	72120	-2,7	92918	291000
167	Toyota	59517,1	-3,3	1269,7	1,8	47269,5	64402
197	ArcelorMittal	53270	-24,6	-733	-	82052	167743
219	Renault	49536,4	-20,3	-9124,7	-	141638,9	170158
227	Bayer	48483,6	-6,4	-11958	-361,2	143240,9	99538
362	Louis-Dreyfus	33564	-0,7	382	66,1	23253	15708
368	British American Tobacco	33057,6	0,1	8208	12,8	188222,2	55329
370	Coca-Cola	33014	-	-	-	-	-
422	Philip Morris	28694	-3,7	8056	12,1	44815	71000
466	Morris Kraft	26185	4,8	356	-81,6	99830	38000

Source: made by author [15].

According to a review of TNCs in Ukraine by economic sectors, a major portion of these businesses specialize in trade and repair, processing industry, real estate activities, and construction. In other words, foreign firms do not wish to engage in high-tech businesses, and the majority of their investments are focused on commerce, a sector that allows them to generate large profits rapidly.

In terms of activities, TNCs are dominated by the agro-industrial sector (*Fig. 2.1*), whose total revenue in 2020 amounted to UAH 171.98 billion. A significant share of the market belongs to the divisions engaged only in distribution

on the territory of Ukraine. Among them are Samsung (South Korea), Toyota Group (Japan), Bayer Global Investment (USA), Procter & Gamble (USA).

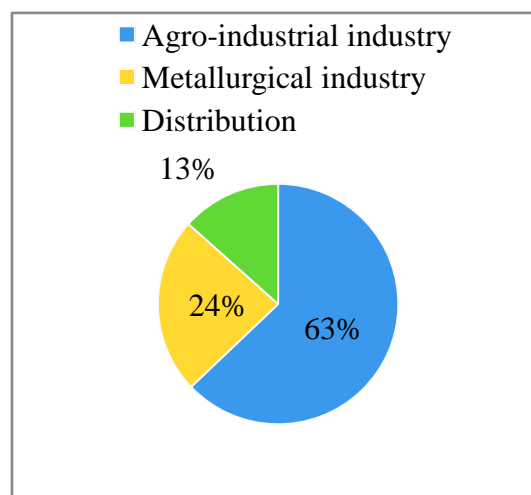


Fig. 2.1. Distribution of divisions of world TNCs among 200 leading companies of Ukraine in terms of income, 2020

Source: made by author based on the basis of [16].

TNCs are present in all segments of the national market, which enhances the characteristics of the national competitive environment and has a favourable influence on micro-and macroeconomic dynamics. However, the issue of strengthening Ukraine's investment climate remains unsolved and vitally crucial, since the combination of inflation and shrinking GDP is causing investors to be concerned about business possibilities in Ukraine. Furthermore, there are considerable issues in the financing of the real sector of the economy, corruption, dangerous customs processes, and delays in the refund of the VAT.

Because of its natural resource potential, relatively inexpensive labour, and high technical level of training, the Ukrainian economy is appealing to international investors. Without a doubt, multinational firms can modernize capital-intensive manufacturing, increasing their total technical level and competitive edge in global commodities markets.

It is important to emphasize that TNCs put pressure on host nations' policies, intervene in their internal affairs, and bribe local authorities in order to win favourable orders and tax breaks. This presents a lot of concerns, including political scandals, corruption, tax evasion, efforts to enforce TNC laws and regulations, reluctance to accept local courts' exclusive authority, and so forth. TNCs with foreign branches frequently strive to drive national manufacturers of a similar product out of the market in order to achieve monopolistic positions and, as it turns out, monopoly pricing. Move pricing, which is used to transfer earnings and cut taxes, is one of the most important techniques for TNC tax evasion. TNCs in hazardous sectors that have branches and subsidiaries overseas frequently chose nations with low environmental regulations, resulting in contamination in the host countries.

Foreign TNCs are ready to operate in Ukraine, but are hampered by factors such as: deficiencies in the regulatory system, a lack of a sustainable strategy and relevant national action plan in Ukraine, deformations in national law, lack of stability in the economic and political situation, critical level of corruption in all spheres of economic activity and inability of the judiciary to function properly, critical situation with the independence of the judiciary, low solvent Ukraine ranks 181st out of 183 nations in the index of beneficial tax systems, which takes three variables into consideration (the number of payments, the time necessary to pay taxes, and the overall amount of taxes).

2.2 Investments of TNCs in the food industry of Ukraine

In the food industry, global behemoths such as the Swiss Glencore (grain growing and selling), the America PepsiCo (beverage and juice production), the Swiss Nestle (confectionery and sauce production), and the Dutch Kraft Foods (confectionery production), American Coca-Cola (beverage and juice production), and Dutch Interbrew YNTR (beverage and juice production) (alcoholic beverage production).

Investments in Ukraine's food sector have contributed to the development of such positive trends over the last 15 years: reduction of imports; development of related sectors, particularly agriculture, wholesale and retail trade, transportation, and packaging material production; dissemination of standards for safe, environmentally friendly, and resource-efficient food industry production; and creation of new jobs.

When describing TNC investments in Ukraine's food sector, it is vital to identify TNCs that are world leaders in the manufacture of food items, such as Nestle, McDonald's and Coca-Cola.

Nestle. Nestle is the largest food manufacturer in the world. Nestle's mission is to improve people's lives by providing them with high-quality, well-rounded goods.

Nestle's history dates back to 1866. This year, Henry Nestle, determined to end child mortality, created and began manufacturing Farine Lactee, the world's first infant formula. Nestle's product line has grown steadily since then, and the company today has 8,500 food brands recognizable to customers on all five continents.

Nestle has the world's highest investment in research & development among food companies. Such R&D focus reflects Nestle's ambition to create goods that are not only delicious and elegantly adorned, but also healthy.

Nestlé's primary business is food manufacture. Nestle also has stakes in the perfume, cosmetics, and pharmaceutical sectors.

Nestle is now the world's largest food manufacturer, the eighth largest firm in Europe, and the world's 31st largest company. Nestlé employs 224,541 employees and has 479 factories and industrial units in 81 countries. Nestle's total revenues in 2002 were 81.42 billion Swiss francs.

Nestlé has had a long connection with Ukraine.

When St. Petersburg merchant Alexander Wenzel negotiated an exclusive deal with Henry Nestle for the delivery of dairy goods towards the end of the nineteenth century, the firm distributed its products to the region of current Ukraine.

In the early 1990s, Nestlé built a network of importers and distributors that began actively developing sales of Nestlé's key brands, such as Nescafé and Nesquik.

"Societe pour l'exportation des Produits Nestle S. A." established a representative office in Kyiv in April 1995. Nestle Food LLC became a full-fledged Ukrainian firm a year later, establishing a network of its own warehouses and establishing a sales and marketing system to push products on the market.

Nestle is now the market leader in the Ukrainian coffee, chocolate, and ice cream markets. Nestle is one of the most powerful corporations, and it is expanding its footprint in the culinary and confectionery sectors.

Societe pour l'Exportation des Produits Nestle S. A. founded its representative office in Kyiv in December 1994 and has been actively promoting and advertising assistance for world-famous brands like Nescafé, Nesquik, Maggi, Nuts, Friskies, and Nestlé infant food since then.

Nestlé is now one of Ukraine's most powerful food corporations, as well as a market leader in the Ukrainian coffee sector. The firm is expanding its footprint in the chocolate and culinary goods markets. Company is building and increasing its presence in Ukraine by investing in local manufacturing and industrial infrastructure, actively promoting brands, and continuously improving and developing the national sales network.

Nestlé purchased a majority share in the Svitoch confectionery plant in Lviv, which manufactures chocolate and other confectionery items, in 1998. Since then, the firm has made and continues to make significant expenditures on technological equipment and industrial re-equipment. The plant was entirely renovated by installing four new packaging lines, which resulted in the creation of over 400 new employees and boosted the enterprise's productivity. The company's successful investment program enables the timely payment of salaries to employees as well as the enterprise's technical and technological development.

Nestle's long-term success in the Ukrainian market may be attributed to a variety of reasons. The company has enhanced and expanded its presence in Ukraine through investments in local manufacturing and industrial infrastructure, strong brand marketing, and the continuous expansion and development of the national sales network.

Nestlé's global strategy is to invest for the long term. As part of this approach, the corporation is aggressively investing in local production, developing goods that appeal to Russian tastes and traditions, and sourcing raw materials and components from Russia. Nestlé integrates worldwide knowledge and leadership in the food business with customer requirements in this way.

Nestlé's plan is not only to enhance and modernize factory production infrastructure but also to introduce new technologies into manufacturing. In addition, the firm aspires to be a highly efficient producer with minimal manufacturing costs. Furthermore, Nestle spends substantially in staff training and retraining, passing on the company's international expertise as well as scientific and technological knowledge.

Nestle purchased a majority share in the Ukraine candy plant in Trostyanets, which makes chocolate and other confectionery items, in early 1995. Since then, the firm has made significant expenditures in technological equipment and manufacturing re-equipment. The company's investments enabled the establishment of local manufacturing of Nuts and Nestle Classic chocolate bars, which were previously imported into Ukraine, as well as the world-famous Nesquik chocolate drink. Also Nestle purchased a majority share in the Ukraine candy plant in Trostyanets, which makes chocolate and other confectionery items, in early 1995. Since then, the firm has made significant expenditures in technological equipment and manufacturing re-equipment. The company's investments enabled the establishment of local manufacturing of Nuts and Nestle Classic chocolate bars, which were previously imported into Ukraine, as well as the world-famous Nesquik chocolate drink.

Nestle's acquisition of a majority share in Rose LLC in June 1996 was another significant investment in Ukraine. Investments were made in the construction of new contemporary equipment that allows for the production of traditional Ukrainian ice cream under new names such as "48 kopecks," "Kimo," "Rose," and "Snow Maiden."

Russia's horrific assault on Ukraine has been ongoing since February 24 2022, when the full-scale invasion began. Nestle has announced the temporary closure of its manufacturing and warehousing facilities in Ukraine. According to the food maker, this was due to the necessity to maintain the safety and protection of the company's employees, who were urged to stay at home.

Nestlé's operations in Russia are limited to basic food goods such as infant food and specific medical nutrition. Such actions are not intended to generate a profit. This goes along with the notion of safeguarding the right to food.

McDonald's. McDonald's is an American international fast food firm that was started in 1940 as a restaurant in San Bernardino, California, by Richard and Maurice McDonald. They renamed their business a hamburger stand and then transformed it into a franchise, with the Golden Arches emblem first appearing in 1953 at a Phoenix, Arizona site. Ray Kroc, a businessman, joined the company as a franchise agent in 1955 and went on to buy the McDonald brothers' franchise. McDonald's used to be headquartered in Oak Brook, Illinois, but in June 2018, the company relocated its worldwide headquarters to Chicago. McDonald's is the world's most profitable restaurant company, with over 69 million customers served daily in over 100 countries and 37,855 locations as of 2018. McDonald's, with 1.7 million employees, is the world's second-largest private employer, according to two reports released in 2018. (behind Walmart with 2.3 million employees). McDonald's has the ninth-highest worldwide brand worth as of 2020.

McDonald's in the United States closed most dining and all play areas as a result of the COVID-19 epidemic. It expanded its offerings to include a drive-thru and curbside orders, as well as online meal ordering and delivery options. The re-opening of McDonald's drive-thru outlets in the United Kingdom resulted in lengthy traffic jams around the country. McDonald's announced earnings of 66 cents per share for the second quarter of 2020 in July. It was a 68 per cent decrease from the same time the previous year.

McDonald's has had an enormous advertising effort for decades. The corporation uses billboards and signs in addition to traditional media (television,

radio, and newspaper), and it supports athletic events ranging from Little League to the FIFA World Cup and Olympic Games. The company's advertising approach has relied heavily on television. McDonald's has used 23 distinct slogans in its advertising in the United States, as well as a few more phrases for certain nations and areas.

The McDonald's Business Model Canvas is a visual representation of the company's business model. McDonald's Business Model Canvas may be summarized as follows:

- McDonald's is known for its value proposition: dependably high-quality cuisine supplied fast and consistently across the world.

- Families, children, the elderly, and businesspeople are the key client categories.

- McDonald's franchisees are the company's most important strategic partners. More than 80% of McDonald's outlets were franchised at the end of 2013. The company's business, in conjunction with its suppliers, is built on a three-legged stool: suppliers, franchisees, and McDonald's. For the firm to be lucrative, each leg must perform well.

- Marketing and selling food and beverages are two of McDonald's most important tasks.

- Employees and restaurants on a-locations are important resources for the organization.

- The customer interaction is conducted online, on the customer's selected device.

- McDonald's products are distributed through its restaurants.

- Employee wages, facility building expenditures, raw material procurement costs, and marketing charges make up the cost structure.

- McDonald's generates money from both its own restaurants and those of its franchisees.

Opportunities for sustainable innovation can be uncovered by having a thorough picture of the entire company model. The deeper cooperation with suppliers

to produce shared value is one example that the firm has already implemented. In the article "Sustainable framework McDonald's from gold to green," you may learn more about McDonald's approach to sustainability and shared value.

McDonald's has been forced to temporarily close 108 of its locations in Ukraine due to the war since 24 February 2022. The good news is that the corporation continues to pay its employees even while Russia invades their country. McDonald's has also made a significant financial contribution to a fund that aids employees in times of need. In an open letter to workers, McDonald's President and CEO Chris Kempczinski wrote, "We are continuing to pay full salaries to our Ukrainian employees, have given \$5 million to our Employee Assistance Fund, and continue to support humanitarian operations coordinated by the International Red Cross in the region." Despite closing 850 stores in Russia, Kempczinski stated that McDonald's will continue to pay its 62,000 employees there "who have poured their heart and soul into our McDonald's brand."

McDonald's revealed in a recent regulatory filing that its outlets in Russia and Ukraine account for 9% of its yearly revenue, or roughly \$2 billion last year. "At the same time, our morals dictate that we cannot turn a blind eye to the terrible human misery unfolding in Ukraine," Kempczinski wrote. "When faced with a tough issue years ago, Fred Turner defined his approach simply: 'Do the right thing.' That notion is one of our five guiding beliefs, and there have been numerous examples of McDonald's Corporation living true to Fred's basic objective throughout the years. Today happens to be one of those days. Kempczinski further stated that the burger company would continue to concentrate on how it can assist not just its staff but also refugees. "We will keep focused on how McDonald's can best support people in need in the rest of Europe, both now and in the future," Kempczindki added. "Our Ukrainian and Russian staff have already demonstrated exceptional leadership, and I know the rest of the McDonald's System stands ready to assist the vast number of people displaced by this violence.

Coca-Cola. In turn, the corporation "Coca-Cola" has taken a bold move into the Ukrainian soft drink industry with large financial expenditures.

Coca-Cola was one of the first firms to join the Ukrainian market following the proclamation of independence and the opening of borders for goods imports. The company's management decided to establish a soft drink facility in Ukraine due to high sales volumes and the absence of possible competitors.

Coca-Cola Drinks Ukraine is a market leader in the Ukrainian soft drink industry, with the sole firm in Ukraine permitted to make beverages under The Coca-Cola Company's trademarks.

The firm offers excellent beverages to 46 million Ukrainians, displaying a dedication to the highest global standards in both industrial and corporate social responsibility.

In 1992, Coca-Cola's representative office in Ukraine was established. In 1994, the Company's first facility in Ukraine opened in Lviv. The Coca-Cola Beverages Ukraine facility in Brovary, Kyiv Region, began operations in 1998.

Coca-Cola sympathizes with Ukrainians who have been subjected to crimes, as well as with refugees who have been forced to escape their homes. Employee and family safety is a top concern, and the organization is doing everything it can to help them. This includes assisting team members and their immediate families in departing the nation if they so want. Furthermore, Coca-Cola has activated relief funds to give immediate financial help to all Coca-Cola and CCHBC employees in Ukraine.

The firm wants to contribute to humanitarian initiatives in the region. Coca-Cola, its worldwide bottling partners, and The Coca-Cola Foundation have promised a total commitment of more than \$14.8 million to date. This cash will help to support more efforts to offer aid, people, and the brave efforts of the Red Cross movement, which operates in Ukraine and adjacent countries, assisting millions of displaced people.

On April 8, Global Citizen's Stand Up For Ukraine campaign provided \$ 9 million in humanitarian help. This gift will help to enhance food and water supplies

in Ukraine, as well as give emergency aid to internally displaced people in Ukraine and refugees in the surrounding area. the countries.

Hoya. HOYA is a Japanese company that is a leader in high-tech products and services based on the company's innovative optical technologies. The largest transnational corporation HOYA Corporation

Hoya's cutting-edge developments find their way into the creation and production of high-quality spectacle lenses with modern designs and innovative optical coatings. The division of Hoya Corporation for the creation and production of vision correction products - Hoya Vision Care, combining modern technology and deep knowledge of the physiology of vision, offers consumers the best solutions for the correction of various types of ametropia, produces lenses suitable for all types of frames.

Hoya's Vision Care Optical Division is a key part of Hoya Corporation, it makes a great contribution to the sales organization, the development of new technologies, materials and designs. The advantage of the Hoya Vision Care division is the availability of a complete technological cycle for the production of vision correction products: from the development of optical materials, the production of blanks, the creation of modern lens designs, to the introduction of proprietary technologies for the manufacture and application of photochromic and multifunctional coatings. The company designs and manufactures spectacle frames, intraocular lenses, contact lenses and related products.

In 2012, an agreement was reached between Hoya Corporation and Seiko Holdings to form an alliance to promote eyewear and eyeglass lenses globally. The merger will be realized through a partial transfer of shares in Seiko Optical Products to Hoya Corporation.

Ukrainian consumers have access to a full range of polymer lenses from Hoya Vision Care, which is constantly updated with new types of products. The company offers single-vision and progressive lenses, polarized, photochromic and tinted lenses, which allow for the correction of vision in almost all categories of patients. Many Hoya products are unique in-house developments: Nulux Active and

Nulux EP lenses, PNX organic material with a refractive index of 1.53, Hoyalux iD progressive lenses, Super Hi-Vision coatings, and others.

2.3 TNC investments in Ukraine's tobacco industry

Consider the amount and distribution of foreign investor contributions to the development of production in Ukraine's tobacco sector.

In recent years, the global tobacco market has been under persistent attack from anti-tobacco campaigns, both popular and state-sponsored. Because of the increasing number of burners, market volumes are expected to plateau. Large tobacco firms are expanding their production capacity primarily through the creation of new markets: in the last decade of the twentieth century, they became Eastern European markets. Tobacco TNCs already dominate more than 70% of the market in this sector, thanks to millions of dollars in investments and innovative technology. However, American tobacco corporations were unable to entirely monopolize new markets, as well as the US market, because German REEMTSMA provided them with the completely equal competition. This is feasible because, in recent years, American tobacco behemoths have experienced internal structural changes (BRITISH AMERICAN TOBACCO now owns ROTHMANS, and JAPAN TOBACCO INTERNATIONAL now owns R. J. REYNOLDS TOBACCO) and sustained losses in the battle on tobacco goods. Homeland Security has to pay billions of dollars in compensation to individual states and the federal government for payments made for burner treatment. Local markets in Eastern Europe that have opened up have necessitated remarkable solutions from all cigarette corporations. Long-established local brands, as well as new brands created expressly for the local market, are the most popular here. In terms of price/quality, these brands best suit the needs of customers. Thus, only MARLBORO L&M (PMI) competes in Poland with local brands JAN SOBIESKI (BAT), CARO, MOCHE, and MARS (REEMTSMA). PRIMA and PRIMA LUX (REEMTSMA) are uncontested leaders in Ukraine, while

PRIMA and BILOMOR are comfortably leading in Russia, followed by PETRO 1 (RJR) and JAVA ZOLOTA (BAT).

The scale of the Ukrainian tobacco market can only be estimated today since a major portion of the goods enters the market illegally, i.e. without being checked by any regulatory authority. In the Ukrainian market, a group of leaders has developed, controlling 92 per cent of tobacco goods. These are international businesses' enterprises: Pryluky Tobacco Factory - BRITISH AMERICAN TOBACCO (BAT), Kharkiv Tobacco Factory - PHILIP MORRIS, Kremenchuk Tobacco Factory - JTI, Kyiv and Cherkasy Tobacco Factory - REEM. The balance of power in the Ukrainian market differs from worldwide trends: the German business REEMTSMA, which ranks fourth in the world, has had a solid dominant position for several years.

The PHILIP MORRIS group of enterprises, which includes KRAFT FOODS INC., MILLER BREWING COMPANY, PHILIP MORRIS CAPITAL CORPORATION, PHILIP MORRIS INTERNATIONAL INC., and PHILIP MORRIS INCORPORATED (PM USA), is the world's largest maker of packaged consumer products. More than 152,000 people work at PHILIP MORRIS factories in 180 countries throughout the world. In terms of cigarette manufacturing and sales, the firm leads the world. The corporation arrived in Ukraine later than others, in 1994. A year later, a partnership with the Kharkiv Tobacco Factory was formed. PHILIP MORRIS has invested \$50 million in Ukraine's tobacco business.

The company's strategy is that once the strategic brand is manufactured at a local factory, it will no longer be imported into the state. As a result, only MARLBORO and PARLIAMENT cigarettes may now be lawfully imported into Ukraine.

CHAPTER 3 ANALYSIS OF UKRAINIAN TNCs ACTIVITY

3.1 Mechanisms of TNC formation in Ukraine.

When analyzing the actions of TNCs in Ukraine, it should be emphasized that Ukraine's gap in infrastructure development and transnationalization of national industries does not enable it to benefit from its geopolitical advantages. Ukraine's involvement in the global value chain and manufacturing networks is quite restricted. This impedes the formulation of geopolitical foreign policy (creation of TNCs, participation of national money and capital markets in the operations on the world markets, participation in the global production and investment chains which means participation in the world income distribution processes). Finally, it contributes to the

scenario in which "Ukrainian foreign policy becomes trapped in the vicious circle of geopolitical alternative WestEast."

According to UNCTAD (World Investment Report 2004) in 1999, Ukraine had 7,362 foreign affiliates of TNCs, but data for 2010 indicate a significant reduction in their number to 872, while in many other Central European countries this figure is much higher in (*Table 3.1*).

Table 3.1.

Foreign affiliates of TNCs in Central European countries

Country	The number of TNCs
Lithuania	2430
Russia	2139
Estonia	1079
Poland	7016
Hungary	28994
Czech Republic	56808

Source: formed by author on the basis of [20]

In particular, the number of foreign multinationals in Lithuania reaches 2430, Russia – 2139, Estonia – 1079, Poland – 7016, Hungary – 28994, and Czech Republic – 56808. Also striking is the comparison with Western European countries and newly industrialized countries, especially China, with 434,2 thousand foreign branches.

To present, there is not a single area in Ukraine where TNCs would have positioned themselves. The presence of transnational corporations in a country, as well as the development of national enterprises on global commodities and financial markets, attests to a country's integration into the global economy and participation in the globalization process. This development has been labelled "economic transnationalization." Foreign direct investment is the primary route via which TNCs

exert influence on the national economy and the means by which most TNCs are formed (FDI).

According to the Balance of Payments methodology, FDI in Ukraine is defined as "a type of international investment that represents the goal of gaining an enduring stake in an enterprise resident in another country by a resident entity in one economy."

Direct investments are those that give a 10% or more stake in the enterprise's authorized capital and/or a major role in the administration of its operations.

The category of foreign investors in Ukrainian law is defined by the Law of Ukraine "On the Regime of Foreign Investment."

Foreign investors may participate in Ukraine by establishing totally foreign owned corporations, branches, joint ventures, purchasing whole ownership of existing entities or acquiring a percentage of shares in existing firms. The most frequent way, however, is to incorporate a joint venture in the form of a joint-stock company or a limited liability company.

Each of the foregoing techniques of TNC entry into the Ukrainian market has an impact on the degree and trajectory of national competitiveness. This is owing to the fact that multinational firms' actions in the Ukrainian market cause changes in the competitive environment, posing a danger to the balance of competitive forces. The desire of businesses to decrease costs, namely labour expenses and expenditures associated with guaranteeing workplace safety and environmental production, is an essential component of TNCs' influence on the national economy.

TNCs' influence on the growth of a country's competitive environment appears to be uncertain as well. Positive elements include the development of new jobs, access to technology, and the sharing of knowledge. The actions of TNCs have had a number of detrimental repercussions on the Ukrainian economy. Many TNCs in Ukraine want to construct marketing networks to sell their products on the Ukrainian market or to establish agricultural and mineral processing industries. The former results in Ukraine essentially subsidizing the output of developed home

nations, while the latter frequently indicates environmental damage and resource depletion.

This means that Ukraine's economic strategy should be built on explicit projects such as the establishment of international banks, the establishment of offshore mechanisms to serve them, tax havens, the preservation and development of transcontinental pipeline infrastructure, transportation and telecommunications infrastructure, and the development and maintenance of port and storage facilities. This, in turn, necessitates measures to strengthen Ukraine's transportation and transit policies, customs and tax services, and the functioning of banks and other financial and investment organizations.

The availability of inputs, infrastructure, and a favourable geographical location all contribute to Ukraine's enormous potential for international investment. However, insecurity and uncertainty in tax legislation, a lack of transparency in financial markets and privatization processes, insufficient protection of property rights, management bureaucracy, and an unreasonably high level of state involvement in economic life are just a few of the factors impeding the arrival of foreign capital in Ukraine and its integration into the global financial system. This list has recently been augmented with macroeconomic instability driven by gasoline price volatility and a high level of political instability. As a result, the national economy does not fully capitalize on current prospects to enhance FDI.

The majority of foreign TNC capital has been gathered in the food and tobacco industries, commerce, banking, and real estate, i.e. in areas with high capital turnover and safe markets. Furthermore, there is a downward tendency in foreign capital inflows into the real sector. Agriculture, engineering, and metallurgical production get an abnormally small percentage of FDI. Strategic industries do not attract sufficient money to update morally and physically outmoded fixed assets.

This implies that the majority of foreign investors are focused on licensing and investment techniques that focus on rapid returns and outflow of capital. These so-called "pseudo investing tactics" are designed to avoid customs and protectionist limitations rather than to capitalize on the national economy's economic potential.

This stifles the growth of Ukraine's export potential. Furthermore, TNCs have a detrimental influence on the growth of specific sectors of the national economy, such as the automobile, cigarette, and food industries.

All of these tendencies need an examination of all elements of transnational firms' investment operations, which will aid in the creation of conditions conducive to bringing transnational capital into the domestic economy on mutually advantageous terms.

The geographical pattern of inward FDI remains unfavourable as well. Offshore enterprises that launder dirty money account for a large portion of foreign investment in Ukraine. As a result, Cyprus is a major source of FDI in Ukraine.

According to quantitative and qualitative analyses of TNC activity in Ukraine, the national economy is just now beginning to gain from the presence of TNC affiliates on its territory. To boost economic performance, Ukraine should establish circumstances for future foreign TNC expansion while also supporting local firm integration into the global market.

To ensure a combination of foreign TNCs' corporate strategies and national economic development priorities, we must shift the focus of TNCs' interests from trade and distribution operations to production and R&D, as well as reduce the risk of foreign capital flight in the form of profit repatriation and outflow of short-term speculative capital («hot money») caused by a loss of confidence in the government and its economic policy.

It is also critical to adopt policies to encourage international TNCs to employ Ukrainian-developed technology.

Understanding the corporation's strategy aids in avoiding circumstances in which the operations of its subsidiaries result in the suppression of rival Ukrainian enterprises or the establishment of an oligopoly or even a monopoly.

Despite the fact that TNCs are already existing in Ukraine, it is prudent to establish even smaller TNCs. Today, various government papers exist in Ukraine that supports the growth of entrepreneurship, promote the general growth of industrial output, and encourage firms to engage in more active international economic activity.

These are the Ukrainian Law "On the National Program for Small Business Development in Ukraine," the Cabinet of Ministers Resolution "On Approval of the State Industry Development Program for 2003-2011," the Cabinet of Ministers Order "On Approval of the Action Plan," and the President of Ukraine's Decree "On the Measure to Stimulate Foreign Economic Activity." However, there is no single national program in Ukraine to encourage the growth of businesses' overseas economic activity and boost material coordination in foreign economic markets through the establishment of its own branches and manufacturing firms abroad. The strategy of state assistance might be achieved by introducing the state program "Stimulation of Ukrainian firms' overseas economic activities." This program's major purpose should be to encourage the leading enterprises in each sector of the economy to engage in overseas economic activities. The program should be focused on top corporations in their sector that generate high-quality products that are in great demand throughout the world, as well as enterprise industry groups. Selection for participation in the Program should be decided on a competitive basis, taking the following elements into account:

- The availability of innovative, high-quality products that satisfy worldwide quality standards and will be able to compete with foreign competitors;
- The firm has a modern manufacturing base that is continually updated, as well as highly skilled employees.
- The stable financial condition of the enterprise over the last five years and transparent accounting;
- The presence of strong long-term relationships with raw material suppliers and customers;
- Developed and submitted for consideration a business plan for the enterprise's phased development of the foreign economic activity, which may be implemented through participation in the Program;
- The corporation has a surplus of manufacturing capacity.

As the process of consolidating efforts and clustering in current global business practices becomes more prevalent, the task of industry associations will be to develop and create new combinations of knowledge, skills, and lobbying tools required to make miracles more effective in meeting a wide range of needs.

The competitiveness of the firms chosen to participate in the Program will be enhanced by lowering the cost of raw materials to be exported, improving the company's working capital, aid through interstate cooperation agreements, and assistance in innovation and innovation. This should be accomplished by implementing the following measures:

- Monitoring of international markets in terms of product structure, stability, and loyalty to foreign investors;
- Import duty reductions on major commodity positions;
- Making preferential targeted loans to support the growth of international economic activities;
- Making preferential taxable foreign trade transactions;
- Reaching interstate agreements on consumer goods trade and JOINT research;
- Statehood development of the Research Institute of New Production Technologies for Consumption of Specific Enterprises, Participants in the State Program;
- Training of qualified individuals for consumption of specific industries: retraining programs for employees, training programs for young staff.

In turn, the enterprise participating in the program must accept and perform the following responsibilities:

- Constant production modernisation;
- Creation of a comprehensive program for accessing global economic markets and transnationalization of the firm;
- Funding for retraining programs and the training of new employees;
- Job creation;
- On-time payment of taxes in full;

- Purchase of breakthrough technology, the establishment of research institutes as states;
- Dissemination and promotion of Ukrainian goods, resulting in the construction of a favourable image of Ukraine abroad;
- Provide information on the intended usage of soft loans and raw commodities imported at a lower customs rate.

The program should encompass the following stages of company growth in terms of international economic activity:

- Companies must grow overseas economic activity in the first stage by carrying out trade activities, providing services, and working. At this point, the state is providing assistance. Is to orient firms' overseas economic activity in markets of nations with high consumption of commodities with which cooperation agreements have been signed; providing soft loans to increase production capacity in order to meet the needs of new customers in foreign markets; training qualified personnel for production needs and lowering customs rates on raw materials imported for the production of export products in order to lower the selling price of products in foreign markets.

- Companies must expand their presence in overseas markets in the second stage by installing permanent sales offices and establishing an effective sales network. At this stage, state assistance should be provided through the promotion of Ukraine abroad and the formation of a positive image of Ukrainian goods among consumers; the conclusion of interstate agreements on trade in consumer goods and the joint conduct of research work; and assistance in the development of new products to improve the products of domestic research institutes in accordance with the needs of specific foreign markets.

- At the third level, enterprises are to be changed from foreign economic enterprises into multinational corporations by establishing production facilities overseas in order to increase their own market share and suit the demands of foreign clients. At this stage, state support should be implemented primarily through the provision of loans for the construction of manufacturing facilities

abroad; the training of highly qualified personnel for work abroad; and the collaboration of state research institutes with enterprises for the purpose of constant improvement of products in accordance with the level of development of science and technology.

Without a doubt, the benefits that the company will receive from participating in the program and will accrue to Ukraine as a result of the program's implementation (*Table 3.2*).

Table 3.2.

Benefits that the company will receive from participating in the program :	Benefits will accrue to Ukraine as a result of the program's implementation :
increasing profits and improving financial performance;	the creation of new jobs and the decrease of unemployment;
gaining a positive image of the company at international prices and creating world-famous brands;	the increase in tax payments;
obtaining a stable financial partner in the face of the state;	the development of Ukraine's global economic connections and the establishment of a favourable image of Ukraine as a highly developed European country;
receiving state support when entering foreign markets;	increase Ukraine's international influence and facilitate the solution of strategically important nutrition;
gaining access to loans with preferential interest rates;	stimulate domestic production and growth of the country's level of economic development;
preferential taxable;	active participation in world economic processes, gaining access to the latest developments and technologies of foreign countries;
the ability to obtain the most recent developments in domestic science;	the possibility of using other countries' resources for the needs of Ukraine's economy.
the replenishment of highly qualified staff trained for a specific industry;	
the reduction of currency risks as currency inflows increase;	

the extension of the life cycle of goods due to the cob selling ego in other countries.	
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Source : formed by the author on the basis of this work.

The following benefits will accrue to Ukraine as a result of the program's implementation:

Transnationalization of the Ukrainian economy is a logical result of globalization. Attracting foreign direct investment is one of the most essential assets of the country's socioeconomic growth. Certain threats to the economy's transnationalization. These threats may be classified into three categories: national economies, domestic companies, and Ukrainians. To reduce the dangers associated with TNC operations, the state must implement a range of legal and economic actions aimed at preserving the national economy.

Ukrainian companies have already taken the first steps toward transnationalization: large financial and industrial groups have built vertically integrated production chains, Ukrainian companies have acquired assets abroad, and the First State Transnational Companies have been established through intergovernmental agreements. Similarly, by recruiting foreign partners, the process of establishing Ukrainian TNCs may be clearly advanced and expanded across the industry spectrum.

3.2 Activity of Ukrainian TNCs.

To construct a competitive economy, we need strong enterprises that can collaborate with TNCs both in Ukraine and in global markets, report on their activities, and create their own Ukrainian transnational structures, such as China, Russia, India, Indonesia, Mexico, Venezuela, and others (excluding industrialized countries with hundreds of large TNCs). The experience of these governments demonstrates that national capital can compete with TNCs only if it is formed into strong financial and industrial institutions that are sufficient to international

equivalents and capable of pursuing an active foreign economic policy. At the same time, it appears that Ukraine will be able to establish corporations with a fully closed cycle. Transnational trends of the major corporations in the oil and refining sector, machine-building industry, food industry, particularly the production of alcoholic drinks and confectionery, were analyzed. In light of this, the first TNCs to emerge in Ukraine include SKM, DSNB, Interpipe, Ukrnafta, NEMIROFF, KONTIV, ROSHEN.

To determine the presence of TNCs in Ukraine, consider the compliance of these Ukrainian companies, as well as the UN commission's conditions, according to which TNCs include a company with units in two or more countries, regardless of their legal form and scope, annual sales such a company must exceed \$ 100 million, have branches in at least six countries, and analyze the percentage of sales of goods outside the country of residence, which were summarized in (*Table 3.3*).

Table 3.3.

Annual sales of Ukrainian TNCs and number of countries in which branches are located.

Indexes	Annual sales, million dollars	Number of countries in which branches are located
Interpipe	10230	8
SKM	8151	6
Ukrnafta	847,82	1
BSN	493,45	1
ROSHEN	220	3
NEMIROFF	203,8	5

Source : made by author on the basis of [23].

According to the table, only two of the provided organizations match the following TNC criteria. These are Interpipe and SKM hence they can be called transnational under two UN standards. Only Ukrnafta and BSN satisfy the first

condition: their yearly revenues surpass \$100 million. These enterprises, however, do not have branches in six countries and solely manufacture their products in Ukraine.

However, for annual sales of approximately \$ 100 million, NEMIROFF Holding and ROSHEN have production facilities in two countries, and KK ROSHEN in three is an insufficient number of countries in which companies have branches, but NEMIROFF Holding has the largest number of branches, indicating the company's potential and prospects to reach the level of a transnational corporation.

SCM (System Capital Management) is Ukraine's biggest financial and industrial organization; its activities are centred in four primary areas: metallurgy and coal mining, energy production, banking and insurance, and telecommunications. SCM also owns and controls assets in other industries, including real estate, media, clay mining and processing, retail, mechanical engineering, beer manufacturing, petrol stations, and sports. SCM Group is made up of about 100 firms. SCM holds enterprises across Europe (Italy, Switzerland, the United Kingdom, Russia) and the United States, in addition to Ukrainian properties. SCM holds controlling shares in over 90 firms (including indirect ownership) and is one of Ukraine's major domestic investors.

Another large company that I analyzed, has the hallmarks of TNCs is the research and production Interpipe Group, which is one of Ukraine's largest private companies, the world's fourth-largest pipe company, the world's third-largest Railway Production and Supply wheels, and the world's largest supplier of silicomanganese. The firm has a 4.1% market share in seamless pipes, a 10% market share in railway wheels, and a more than 11% market share in manganese ferroalloys. The goods of Interpipe's firms are sold in over 70 countries, with exports accounting for over 70% of the sales structure. Interpipe Corporation's headquarters are in Dnepropetrovsk, with representative offices and agency services in Russia, Belarus, Azerbaijan, Kazakhstan, Uzbekistan, Switzerland, the United States, and other countries. The group includes a number of manufacturing, trading, service, and other businesses. Thus, Interpipe owns OJSC Nizhnedneprovsky Pipe Plant, OJSC Novomoskovsk Pipe Plant, OJSC Nikopol Seamless Pipe Plant NISO TUBEV, OJSC Nikopol

Ferroalloy Plant, and Sugar Alloys entirely or partially. SUMY-Stepanivska, Voronezh, Nizovska, Burynska, Chupakhivska, Pivnenkivska), Joint-Stock Bank "Credit-Dnipro," Bank "Delta," Bank "Ukrsotsbank," TV networks ICTV, STB, "New Channel," newspaper "Fa," and Comments In addition, the firm handles the assets of Dnipropetrovsk OJSC Vtormet and Nikopol CJSC V Repair Plant. A group of firms LLC "DCHV" (Development Construction Holding) - an integration association of enterprises from diverse sectors of the economy - is the next candidate for the role of domestic TNCs. DCH industrial enterprises engaged in the manufacturing of fertilizers, chemical goods, and glass containers control a large portion of Ukrainian pricing in various categories. The existence of its own vertically integrated chain "production (production) of building materials - construction - development" enables the company to effectively grow its real estate values business, delivering residential, commercial, and infrastructure projects in various Ukrainian cities. The assets of the group are centres in industries such as manufacturing, building, finance, and development. DCH Investment Management manages DCHB's assets (DCH Investment Management). Among the group's assets are 24.5 per cent of JSCIB's shares in "UkrSibbank," as well as OJSC "Azot" (Cherkasy), LLC "Merefyanskaya Glass Company," Ukrainian Mining Company, company "Kharkiv-Cement," construction holding "Strabag Ukraine", and the companies "Strabag SE" (Austria) (Russia).

Ukrnafta, a monopoly oil company in Ukraine, might be another prospective TNC. Its primary activities include exploration, production drilling, oil production, condensate, associated oil and natural gas, oil processing, and refining. According to 2009 figures, the corporation accounted for 70% of Ukrainian oil production. OJSC Ukrnafta is investigating the possibilities of collaborating with SNA nations, Iran, Libya, Saudi Arabia, Poland, and others. OJSC Ukrnafta collaborates with the following enterprises through joint investment and production agreements: Aeral Vector Resources Inc.; Momentum Enterprises (Canada); In Carlton Trading Ukraine (Canada). Company specialists work on the building of wells in other countries (Russian Federation, Iraq, India, Pakistan, Syria, Algeria,

Libya, Cuba, Vietnam). It is quite feasible to establish Ukrnafta Production Units in several of these nations. The next competitor for the position of domestic TNC is Nemiroff Holding, one of the world's major alcohol makers, with goods sold in 55 countries. The company's manufacturing capacity is two spirits, which are located in the city of Nemyriv. Bottling of goods is done in Russia by a big OJSC called "Yaroslavl Distillery." Nemiroff Management Company, Nemiroff Ukrainian Vodka Company, Alco Invest Subsidiary, Nemiroff Trade Representative Office in Russia and Nemiroff Trade Representative Office in Poland, as well as Nemiroff International Headquartered in Budapest, comprise the holding's structure. As a result, Nemiroff has taken the initial steps toward internationalization.

UkrAVTO is a worldwide vehicle manufacturer. The largest automobile manufacturer, distributor, and service provider in Ukraine. Cars are exported to CIS nations and other countries. Cars ZAZ, "Mercedes-Benz", "Chrysler", "Jeep", "Dodge", "Opel", "Chevrolet", "Toyota", "Nissan", "Renault", "Daewoo", "Lada", "Landmark", "Chery", trucks and buses "I-Van", "TATA", "JAC", "Dong Feng" are manufactured, imported and exported. The production and maintenance of automobiles need a well-established cycle of spare component delivery to all of the corporation's operations. The firm "ZipAVTO," which distributes replacement parts to businesses, sells well-known brand items. BP, Castrol, Fram, ABS, Bilstein, Ruville, Bosal, Valeo, Eyquem, and others are among them. Assets. UkrAVTO Corporation is made up of the following entities: automobile plants – two in Ukraine and two in Poland (including the Ukrainian ZAZ and the Polish FSO); component manufacturing plants – 10 in Ukraine and 12 in Poland; car dealerships and places of sale – 400 in Ukraine and 76 in Poland; service centres – 222 in Ukraine and 192 in Poland.

Furthermore, the corporation owns the financial group "Auto Alliance," the insurance companies "Generali Garant Insurance" and "Generali Garant Life Insurance," the international freight company "Transcapital," the travel company "Hermes Travel Group," and several restaurants in Kyiv and the surrounding area. He controls the UkrAVTO gas station network, customs and licensed warehouses in

Kyiv, Donetsk, and Simferopol, as well as other properties. Taniel Vasadze, a well-known Ukrainian businessman of Georgian descent and a People's Deputy of Ukraine from the Yulia Tymoshenko Bloc, is the corporation's major stakeholder. In February 2008, FOCUS magazine assessed UkrAVTO's co-worth owners at \$ 780 million. In the TOP-50 Ukrainian large money, he was ranked 14th.

Food firms go through similar processes. And it is in the confectionery industry's businesses. ROSHEN Confectionery Corporation is a national confectionery market leader. The company's plants in Kyiv, Vinnytsia, Mariupol, and Kremenchuk create around 25% of all Ukrainian sweets. The Lipetsk confectionery plant Likonf (Russia) joined the ROSHEN firm in 2001, and the Klaipeda confectionery factory joined in 2006. (Lithuania). The company's product line comprises over 200 different varieties of candies, chocolate, caramels, pastries, waffles, marmalades, and cakes. The company has 40 distributors in Ukraine and 100 in CIS nations. Russia, Kazakhstan, Uzbekistan, Moldova, Estonia, Latvia, Lithuania, the United States, Canada, Germany, and Israel all get products. The corporation has a total of 240 workers. Confectionery manufacturers employ 3500 people in Kyiv, 2270 in Vinnytsia, 1160 in Mariupol, 985 in Kremenchuk, and 1200 in Lipetsk. 415 at the dairy facility "Bershadmoloko." 375 in the logistics centre. ROSHEN product sales were more than \$ 650 million in 2007. (almost 25 per cent more than in 2006). The overall confectionery manufacturing volume is 350 thousand tons (13 per cent more than in 2006). The firm manufactured 150 thousand tons of items for the Ukrainian market (11 per cent more than a year earlier). Investments. ROSHEN invested around 100 million euros in product development and capital expansion in 2007. Mariupol, Kyiv, and Kremenchuk confectioneries (CF) upgraded their equipment for a total of \$ 13.3 million. The vehicles were bought for \$1.7 million. ROSHEN's production facilities were certified in 2007 in accordance with international food quality and safety standards ISO 22000: 2005. ROSHEN Corporation is a member of the Ukrprominvest Group, together with the companies and businesses "Bogdan", "Agroproinvest", "Leninskaya Kuznya", "ISTA", "Ukravtozapchast", "Ridna Marka", "Channel 5" and others. The Group's primary co-

owner is a well-known Ukrainian businessman and politician, ex-Deputy People's and Ukraine's Minister of Foreign Affairs, Petro Poroshenko.

However, none of the Ukrainian enterprises fit the UN criteria, i.e. none of the Ukrainian companies can be recognized as transnational, because none of the companies have branches in six countries and a significant percentage of sales sold outside the country of residency. SCM, the Privat group and ROSHEN stand the highest prospects of forming TNCs. Analyzing the structure of the world's top TNCs and the structure of the greatest Ukrainian firms, we can infer that the majority of global TNCs operate in the banking sector (15%), whereas Ukrainian enterprises, on average, work in metallurgy (6%). As a result, in order to avoid being swallowed up by huge global corporations, Ukrainian firms need be transnationalized.

In conclusion, we can identify a number of good and negative aspects of transnationalization in the development of Ukraine's current national economic system (*Table 3.4*).

Table 3.4.

Positive and negative aspects of transnationalization in the development of the modern national economic system of Ukraine

Positive aspects	Negative aspects
International specialization at basis of interpenetration of capital	Increasing competition in the domestic market, decline of domestic producers
Formation of international industry and economic territorial units (clusters)	Gradual destruction of national economic state sovereignty - emergence of supranational economic entities - TNCs
Alignment of national reproductive production structures	Sharp growth of cross-border mergers and acquisitions of domestic companies
Freedom of movement of factors of production, goods	Location on the territory of the state of labor-intensive, energy-intensive and material-intensive, environmentally hazardous industries
Access to better and cheaper resources	Capital outflow, transfer of profits to industrialized countries
Development of scientific and technical sphere	Avoidance of income taxation

Expansion of innovation activity	Distribution of the country's financial resources among large TNCs with limited medium-sized business financing
Qualitative development of the country's production	Decline of industries that are not attractive to TNCs
Strengthening the role of the state (the country - the basis of TNCs) in the international space	The influence of TNCs on the economic power of the country

Source: formed by the author on the basis of [23].

It should be noted that the state's active role in TNC regulation will stimulate positive changes in Ukraine's economy, namely: concentration of investment resources in priority areas of economic development in the face of limited state budget investment opportunities; providing financial resources for industrial R&D, accelerating scientific and technological progress; and increasing the export potential and competitiveness of national products.

As a result, based on the number of factories and countries where the stink is situated, it should be highlighted that the corporation ROSHEN has a stronger transnationalization potential, and can obviously grow the volume of products produced and sold abroad in a shorter period of time. Another advantage of ROSHEN is that the firm is gaining access to EU markets via the Lithuanian candy manufacturer Klaipedos, which is being bought for this purpose.

Consider the compliance of the listed Ukrainian firms, citing the above parameters, which were described in the table based on the annual reports of enterprises, to assess the presence of TNCs in Ukraine.

3.3 Consequences of TNC activity for Ukraine

In Ukraine, TNCs are divided into two major groups in terms of local business: companies that do not have enough real competitors in the local industry, and corporations whose interests directly affect many Ukrainian companies (producers of beer and soft drinks such as Coca-Cola).

But only Ukrainian producers really compete with each other - the positions of multinational corporations in the market in most cases remain intact. First, TNCs can afford to incur losses in a particular region by compensating for income growth in other foreign affiliates. Second, multinational corporations provide themselves with strong legal and political immunity against the "peculiarities of doing business" in Ukraine. Third, they offer clear marketing benefits and huge promotional prospects. For product marketing, Ukrainian enterprises frequently exclusively imitate creative concepts from world-renowned rivals. We believe that TNCs in Ukraine will not face any difficulties in the future. The dominant position of Philip Morris, BAT, and other cigarette corporations in the tobacco sector can only be weakened by strong anti-smoking initiatives, which Ukrainian society is not yet prepared for. Furthermore, the corporation "Philip Morris" has launched a new product named "IQOS." The system employs HeatControl technology, which allows the tobacco to be heated to temperatures no higher than 350 C ° (the combustion temperature of tobacco in a cigarette ranges from 600 C ° to 900 C °). As a result, tobacco is not combustible in IQOS. Although the amount of dangerous elements (excluding nicotine) in tobacco vapour (aerosol) is lower on average than in cigarette smoke, the use of IQOS remains toxic and does not eliminate health concerns connected with tobacco use. Young Ukrainian enterprises in the fast-food market are unlikely to encounter major competition from McDonald's.

Coca-Cola will have to put in extra effort to preserve its market dominance in Ukraine. Ukrainian manufacturers of non-alcoholic beverages have a strong potential for increased output, which is currently limited by rivalry among local producers in the home market and a lack of government assistance.

The percentage of transnational firms' goods in Ukraine's GDP is steadily increasing. Following in the footsteps of global food and beverage firms, major international makers of high-tech products, such as Apple and Alcatel, have already entered the Ukrainian market. Domestic producers have little prospect of prevailing in these market areas. The majority of significant TNCs are concentrated in the

banking, services, oil and gas, information technology, computers, pharmaceuticals, and biotechnology sectors.

Recently, there has been a rise in the liberalization of commerce in the local market, as well as competition and intensity of international TNCs' entry into the Ukrainian market. As a result of the underdeveloped hotel infrastructure, scarcity of hotels, and low-quality services in Ukraine for Euro-2012, leading TNCs in this sector, such as Starwood Hotels & Resorts Inc, Wyndham Hotel, Rezidor Hotel Group, Marriott, Hyatt, and Radisson, have invested in the Ukrainian hotel services market. In the sector of banking services, the trend of foreign investors acquiring Ukrainian financial enterprises continues, introducing TNCs to the Ukrainian market in the field of insurance.

To minimize the negative influence of foreign TNCs on Ukraine's economy, the following steps must be taken:

1) Foreign TNC operations should be regulated in line with national interests. To begin with, in protecting the national economy, a suitable legislative framework must be established that regulates the procedure for TNCs entering the local market while offering incentives to local investors. It is vital to explicitly control the various forms of TNC participation in the domestic market, as well as to ensure transfers to Ukrainian firms and adaption of the most recent technology and R&D achievements. Without a doubt, the measures implemented should try to ensure the employment of local labour resources, as well as the execution of monitoring of investment projects for compliance with environmental and sanitary requirements. Furthermore, it is critical to governing the usage of domestic raw resources. Most crucially, in order to limit the dangers of the national economy's transnationalization, Ukraine must cut raw material exports and emphasis the manufacture of completed goods with relatively high added value.

2) Development of domestic TNCs. The national capital, developed with the assistance of big financial and industrial groupings, can now compete with global enterprises. Ukraine has already taken the first steps toward transnationalization; therefore, it is critical to further encourage the formation of domestic TNCs,

preferably with a full closed cycle, and to unite them with related foreign corporations on a mutually beneficial partnership basis without jeopardizing the interests of either party, as well as to support national innovation enterprises, venture small enterprises, and so on. The establishment of Ukrainian TNCs will allow for the protection of national economic interests to some extent, as well as the further growth of Ukrainian economic structures, the internationalization of their production and capital, and Ukraine's integration into the global economy. Along with state control of companies inside their "home" nation, it is prudent to take steps to protect and promote the interests of TNCs in other countries where corporate structural units are situated. Thus, it is critical for Ukraine to pay close attention to the growth of domestic TNCs accessing international markets, as well as to support the construction of a favourable political and economic environment for domestic TNCs in other countries.

The Ukrainian state advocated the development of national sovereign reserve funds, the money of which might be invested alongside major enterprises owned by the state, as a viable financial foundation for the regulation of transnational firms. The source of funding for the building of these funds may be government savings, which will therefore be transferred in part to the state's investment resources. And collaborative investment by the state and the world's greatest corporations may greatly minimize investment risks.

Positive characteristics of the investment climate in Ukraine of foreign TNCs: a very high level of economic growth in general, and specific investments in particular, is expected; the owners of Ukrainian capital exported abroad were convinced of the profitability of investing in the Ukrainian economy; there are attempts by the owners of exported capital to return, legalize, and invest their capital in the real sector of the economy; and the recently introduced law on collective investment; The predictability of government decisions is increasing, albeit slowly, and mechanisms for market participants to influence government decisions are being developed; there is significant economic growth in Ukraine's eastern regions due to the increased use of existing production facilities and infrastructure.

Measures that will significantly boost Ukraine's investment climate and the investment process in general include: The planned and open completion of the privatization process; the implementation of a radical revolution in people's psychology, instilling in them the tradition of earning, consuming, saving, and investing (because, as world experience shows, households are the largest supplier of investment to the market); the imposition of "tough" budget constraints; the establishment of transparent "trading platforms" (competitive environment); the predictability of government decisions is increasing, albeit slowly, as is the marginal restriction of the economy's shadow sector, decriminalization of shadow capital (as well as the formation in the mass consciousness of a positive perception of this step), which will provide a massive inflow of investment resources into the economy. The growth of the depository system; the reform of the wage system (increasing its level, exempting workers from various social contributions, and so on); Changing the tax concept in the field of taxation of investment resources; lowering the tax burden on the country's economy; eliminating the distinction between financial and strategic investors; developing and implementing a code of business ethics or a code of ethics for corporate governance for all market participants; giving state support for the development of methods to attract public funding to investment; public authorities' use of marketing and public relations tactics to attract foreign investment putting together proper information packages for possible investors ensuring the financial viability of state-owned companies boost investment efficiency through market environment openness and enterprise transparency (it is required to pass state acts that firmly define the necessity to disclose information about invested firms, as well as improve the accounting system); establishment of a property tax on firms to encourage more efficient use of production capacity and the identification of an effective owner; increased monetization of the economy; conducting a successful anti-corruption campaign; reforming big inefficient organizations and maximizing the growth of medium-sized businesses - the primary market for investment intermediaries; fostering the development of an effective banking system focused at

lending to the real sector of the economy; promoting the growth of the insurance market.

CONCLUSIONS AND PROPOSALS

In the study the author has researched and studied the activities of TNCs in the markets of Ukraine (on specific examples). After a deep analysis of this topic, we can draw the following conclusions:

1) The following are the primary characteristics of Transnational Corporations: the assets and sales of TNC are relatively big. Some TNCs' sales turnover exceeds the gross national product of some developing nations. The headquarters of a multinational firm are located in the home country. TNC has control over all of its branches and subsidiaries, which operate within the parent corporation's policy framework. A TNC has manufacturing, marketing, and other

operations in many countries. TNCs operate in host nations through a network of distributors, branches, and affiliates. TNCs own and manage assets in other nations. Transnational businesses are often oligopolistic (few companies in the same industry). They have a strong market position due to their massive size. They also take over other businesses in order to gain massive economic power. TNCs are a common occurrence in practically every country, with the United States being the largest. Even developing nations have TNCs that do business in other developing countries.

2) TNCs have the following advantages in the investing market:

1. Establishment of branches and subsidiaries in areas where they are "most required." Increased employment, restocking the market with items demanded by consumers, and so forth.
2. Increasing tax income to the governments of the countries where the TNC has a branch.
3. TNCs' continuing improvement (TNCs may spend more on research than individual governments).

TNCs have the following disadvantages:

1. TNCs, which have a significant impact on the country's economy, may reject it in some situations in order to protect their interests.
2. TNCs frequently try to "get around" the legislation (concealment of profits, export of capital from one country to another, etc.).
3. Establishing monopolistic pricing that allow you to generate additional profits at the cost of the consumer.
4. Dictate exclusively their own circumstances, disregarding the interests of the state in which they find themselves.

At the moment, TNCs' yearly foreign investment much outnumber the volume of interstate loans. TNCs are now present in every area of the global economy as a result of their investments.

3) World experience confirms the viability and efficiency of pooling capital in transnational corporations, which accelerates the turnover of financial resources,

reduces costs through the development of transnational corporations offsetting and payment systems, increases the share of resources in cash and redistribution mobility, and allows for the signing of significant contracts. Transnational corporations are not only a natural step in the growth of international economic connections, but also an essential stage in the restructuring of the industrial structure. Nonetheless, some people question the viability of establishing transnational corporations. However, "practice is the standard of truth," and transnational firms have unquestionably demonstrated their rights to exist. As a result, it is envisaged that TNCs would act as catalysts in overcoming the domestic crisis and implementing changes in the foreign economic arena as Ukraine navigates the difficult path of economic integration into the global economy and international economic ties.

4) Foreign TNCs are ready to function in Ukraine, but are hampered by issues such as: defects in the regulatory system, a lack of a sustainable strategy and applicable national action plan in Ukraine, deformations in national legislation, lack of stability in the economic and political situation, critical degree of corruption in all fields of economic activity and incapacity of the court to function correctly, critical situation with the judiciary's independence low solvent Ukraine is ranked 181st out of 183 countries in the index of favorable tax systems, which takes three aspects into account (the number of payments, the time necessary to pay taxes, and the overall amount of taxes).

5) Over the last decade, investments in Ukraine's food sector have contributed to the development of such positive trends as: lower imports; growth of related sectors, especially agriculture, wholesale and retail trade, transportation, and packaging manufacturing; distribution of standards for safe, environmentally friendly, and resource-efficient food industry production; and job creation.

6) TNCs have invested more than \$ 200 billion in the country's tobacco economy, introduced new technologies in enterprises, and provided more than 10,000 jobs. Taxes paid by these companies in the budget of our country in 2018 is 7.6 billion UAH.

7) Today's difficult political and financial situation in Ukraine requires mobilizing the government's efforts to increase the competitiveness of Ukrainian goods on the world stage. Among the many factors affecting Ukraine's economy, the activities of TNCs are extremely important. Given the fact that these companies have a double influence, special attention needs to be paid to the system of measures to eliminate the negative consequences of TNCs, as well as to determine the rules of conduct for them in the Ukrainian space. In particular, given that there is no law in the legislative system of Ukraine that regulates the activities of TNCs in Ukraine, it is important to develop both the legislation itself and the mechanism for its implementation.

8) TNCs' influence on the national economy cannot be determined clearly. TNCs' activities in the Ukrainian market are mostly concentrated on the domestic market (namely, the sale of imported products or production mainly for this market). Only a small proportion of TNCs are involved in actual production. However, given the nation's present challenging position, the presence of prominent firms in the Ukrainian market accelerates the scientific and technological process, reduces unemployment, improves corporate management efficiency, and increases financial revenue in the country. In terms of regional investment, TNCs account for 50 percent of FDI in Kyiv and 16.4 percent in Dnepropetrovsk.

9) Ukraine's economic development strategy envisages promoting the process of transnationalization of Ukrainian corporate capital in favor of increasing its competitiveness and financial potential, rather than combating them through re-privatization. The formation of Ukrainian TNCs can become one of the strategic priorities of public policy, which, provided the creation of an appropriate external environment (tax incentives, including selective incentives for promising enterprises and regions), will increase the competitiveness of the economy and exclusive capabilities of TNCs. While the "pure national producer" inevitably loses the competition. At the same time, ensuring a balance between foreign and Ukrainian TNCs will intensify competition in the market and contribute to better meeting the needs of consumers and increasing the competitiveness of the national economy.

The most promising areas for the formation of Ukrainian TNCs are the military-industrial complex, mechanical engineering, aviation, rocket and space, metallurgy and chemical industries, electronics, transport, light and food industries, research, programming and web design.

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