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## SPECIFIC FEATURES OF THE INTERNATIONAL INVESTMENT PROCESS IN TOURISM

**Abstract.** Systems of specific features, particular orientation, goals and measures of international investment process in tourism have been formed. The goal of the article is to substantiate theoretical provisions and develop practical recommendations for improving process of attracting international investment in tourism sector, which is structured in the following areas: creation of an effective system of international investment incentives in terms of modernization of tourism, formation of attractive investment image of tourism taking into account best international practice. Methodological basis of the article are fundamental provisions of economics, economic theory, the theory of foreign investment, as well as scientific results of leading domestic and foreign scientists and economists on foreign investment issues.

**Key words:** international investments, tourism, international economic relations, investment process participants', strategic priorities for foreign investments in tourism.

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## ОСОБЛИВОСТІ МІЖНАРОДНИХ ІНВЕСТИЦІЙНИХ ПРОЦЕСІВ У ТУРИЗМІ

**Анотація.** У статті сформовано систему специфічних особливостей, спрямованості, цілей та заходів міжнародних інвестиційних процесів у туризмі. Метою статті є обґрунтування теоретичних положень і розроблення практичних рекомендацій щодо вдосконалення процесу залучення міжнародних інвестицій у туристичний сектор, структурованих за такими напрямками: створення ефективної системи стимулювання міжнародних інвестицій у розрізі модернізації туристичної галузі, формування привабливого інвестиційного іміджу туристичної галузі з урахуванням найкращої міжнародної практики. Методологічною основою статті стали фундаментальні положення економічної науки, економічної теорії, теорії іноземного інвестування, а також наукові результати провідних вітчизняних і закордонних учених та економістів, присвячені проблемам іноземного інвестування.

**Ключові слова:** міжнародні інвестиції, туризм, міжнародні економічні відносини, учасники інвестиційного процесу, стратегічні пріоритети іноземних інвестицій у туризмі.

Based on the positions of taking into account processes of international economic relations, a model of attracting international investments in the tourism sector of Ukraine has been developed, which target is to ensure consistency of interests between a recipient and foreign investors.

The main purpose of the model is to promote the attraction of international investments in the tourism sector by creating an attractive and stable investment climate, a positive investment image. Some of the highest priority and necessary which have to be implemented in order to achieve the above goal are following:

- deepening of integration relations in tourism, particularly through the creation of free trade zones with trading partner countries;
- establishment of self-government advisory commissions to promote pre-trial settlement of disputes with foreign investors;
- establishing close cooperation between governments and international investments donor countries in tourism;
- improvement of tourism infrastructure;
- ensuring the quality of labor resources according to the tourism sector needs;
- providing main places in the ratings of investment attractiveness.

Main criteria for the effective implementation of a set of measures within the model are [1]:

- 1) positive dynamics of GRP growth;
- 2) increasing profitability of tourism enterprises;
- 3) increasing growth of employment rate at tourism enterprises and training and retraining of top managers and specialists;
- 4) intensification of innovative activity of tourism enterprises;
- 5) intensification of international cooperation.

Main conceptual provisions of the model are:

- intensification of tourism production on an innovative basis;
- creation of new production capacities, renovation of tourism sector, rise of level of tourism production;
- promoting of tourism products;
- preservation and creation of new or additional jobs in the tourism sector, training of a labor force;
- development of ecologically safe of tourism production;
- international integration relations development.

Model that has been developed includes functional and practical components. Functional components within the model of attracting international investments in the tourism sector are manifested in the coordination of interests of a recipient of international investments and foreign investors in investment, decomposition of investment process risks with their subsequent leveling, ensuring free movement of international investments and capital payments and repatriation according to provisions of the FTA with the EU and international investments incentives introduction, based on world best practice [2].

Practical components are reduced to the decision to implement international investments in the tourism sector of Ukraine. Provided that the decision of a foreign investor is positive – the tasks are implemented and the endgame is achieved (attracting international investments in the tourism sector), if negative – the identification of errors in the organization of the investment process with their subsequent elimination.

In order to reconcile the interests between international investments recipient and a foreign investor, investment projects in tourism sector, for the implementation of which foreign investors apply for additional benefits and guarantees, should belong to the priority areas of socio-economic development established by Ukrainian strategy, in particular:

- 1) have a long-term direction, aim to a high level reinvestment profits;
- 2) promote creation of new production facilities, upgrade technical base, increase level of tourism production;
- 3) foresee use of equipment, components of Ukrainian production;
- 4) focus on rational use of materials in Ukraine and reduce import dependence;

- 5) promote introduction of modern resource-saving and environmentally friendly technologies;
- 6) promote creation of new jobs in tourism enterprises that carry out international investments, and in the economy in general;
- 7) promote development of Ukrainian brands and technologies.

In turn, economic policy should be aimed at taking into account interests of foreign investors, especially:

- 1) reducing the level of taxation of tourism enterprises with foreign investment in excess of a certain level of international investments, increasing employment rate;
- 2) free movement of international investments and payment or repatriation of invested capital and profits;
- 3) provision of guarantees for foreign loans, minimization and insurance of risks by commercial banks and their associations in a way to create appropriate infrastructure, etc.

Based on the analysis of scientific sources and own research, following principles of the model of attracting international investments in the tourism are proposed:

1. General principles – principles that provide necessary axiological dimension to processes of attracting international investments in tourism sector. These include:

– the principle of balancing – assumes that actions and decisions of governments related to foreign investors are based on proportionality, which primarily reflects that among all possible legitimate forms of foreign investment should be chosen that does not restrict rights of a particular foreign investor; as well as potential harm and loss of a foreign investor must be proportional to their benefit;

– the principle of good faith. According to this principle, governments have to be honest in complying with contractual and non-contractual obligations to a foreign investor;

– the principle of reasonableness – reflects the validity of governments' behavior and their rationality concerning foreign investors.

2. Special principles – principles used for the formation of regional investment policy in the context of balancing interests of international investments recipient and a foreign investor in the implementation of direct investment:

– the principle of sectoral orientation – is a strategically conscious activity of governments, aimed to attract international investments in tourism activities that are strategically important to economy;

– the principle of adaptability – reflects the ability of participants of the investment process to respond quickly to changes in economic, political and social nature;

– the principle of complexity – reflects the implementation of systemic, interconnected measures of governments aimed to analyze, plan, forecast and manage investment activities in the tourism sector;

– the principle of effectiveness – the ratio between economic, labor, production, infrastructure resources used to attract international investments and expected results from their implementation;

– the principle of coherence – reflects the achievement of a positive effect of recipient of international investments and foreign investors, considering their divergent goals;

– the principle of publicity – is to provide governments with a broad discussion of tourism projects in industry.

The model provides for the performance of the following main functions by subjects of the investment process:

– analysis and forecasting – is to study investment market, identify possible forms and legal conditions for the sale of international investments I, identify the impact of factors on international investments, and on this basis – the formation of a forecast for the implementation of international investments;

– evaluation – annual evaluation and reliable information on the investment attractiveness of the tourism sector;

– current planning and operational management of investment projects in tourism – development of calendar plans for international investments implementation with specific deadlines, targeted funding, expected results of attracting international investments and responsible people among governments, which provides effective management of investment activities;

– organization – a function within which the division of labor between governments and the executive related to creating a favorable investment climate;

– monitoring of international investments involvement in tourism sector – provides an opportunity to respond quickly and eliminate barriers to effective international investments attraction;

– control of implementation of investment projects in tourism, as well as consequences of attracting international investments and compliance with investment commitments. In this context, it is worth noting the need to apply personal responsibility of governments for international investments invested on preferential terms.

Practical implementation of the proposed model of attracting international investments in the tourism sector will ensure the formation of a favorable investment climate, positive investment image, and realization of investment potential in the foreign market and promote incentives for investment activities based on world best practice.

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