

## I. ECONOMIC SCIENCES

*Kateryna Bartkova*

*Vasyl'Stus Donetsk National University*

*Vinnytsia*

*Research Supervisor: N.Yu.Ishchuk, PhD in Pedagogy, Ass.Prof.*

*Language Advisor: N.Yu.Ishchuk, PhD in Pedagogy, Ass.Prof*

### IMPACT OF OFFSHORE ZONES ON WORLD ECONOMIES

**Introduction.** Since the process of globalization started, businesspeople have learned how to get the maximum profit without breaking the law, so that they have been searching for areas with favourable business conditions.

**Objectives of the paper.** The paper aims at studying the impact of offshoring on global economies.

**Results of research.** Offshoring is the relocation of a business process from one country to another, where the tax system, terms and conditions of doing business are more lucrative than those in their home country [4].

The process is advantageous for the country welcoming new enterprises because they invest huge amounts of money into its economy; it also boosts emergence of new jobs, which, in turn, raises the standard of living in the country-receiver.

However, we cannot say that it is not that optimistic for the country money is transferred from. First of all, the economy losses money which usually is not fixed anywhere, so there is no control over the cashflow and the amount of money invested in a country-receiver. As the result, people do not receive high-quality services from the country that it could provide if the money or the tax from the money was used to form a budget. Consequently, the level of shadow economy grows with people losing their jobs due to the economic downturn in the country.

Historically, people have always wanted to evade taxes when doing business, although with time it became ineffective, so people started investing money into countries or islands where the tax percentage was minimal so that they would not share the profit. The term “offshore” first was used in the mid 50s of the 20th century when American businessmen moved their businesses to the Caribbean islands or Latin America countries [4].

The most common ways money is usually transferred into an offshore include:

1. Overpricing imports
2. Underpricing exports [4] (Fig.1).

According to the United Nations, offshore bank accounts might contain \$7.6 - \$25 trillion and approximately 80% of the income is not reported in financial statements [4].

For example, the amount of money that is moved to offshores in Ukraine can be easily identified, according to the official figures on trade operations between Ukraine and its partners:

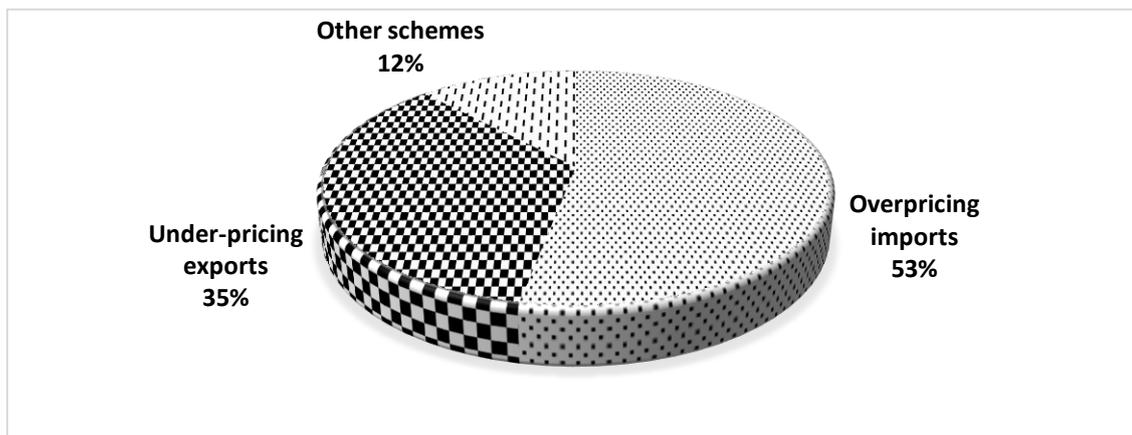


Fig.1 Common ways of transferring money into an offshore  
 Source: [4]

- according to State statistics, the trade balance of Ukraine in 2016 is positive with \$337 profit [3];

- according to the National Bank of Ukraine, the trade balance in 2016 was far below zero, the state overspent \$5.6 billion for buying goods and services from abroad [5].

Taking these two facts into account, Ukraine’s economy lost \$5.3 billion, with none of the money increasing the state budget.

Tax heavens are at the top of Ukrainian investment destinations; according to the World Bank, those are world known offshore zones – Cyprus and the Netherlands. Direct investments from these 2 countries are around 60% out of all investments in the first half of 2017 [3].

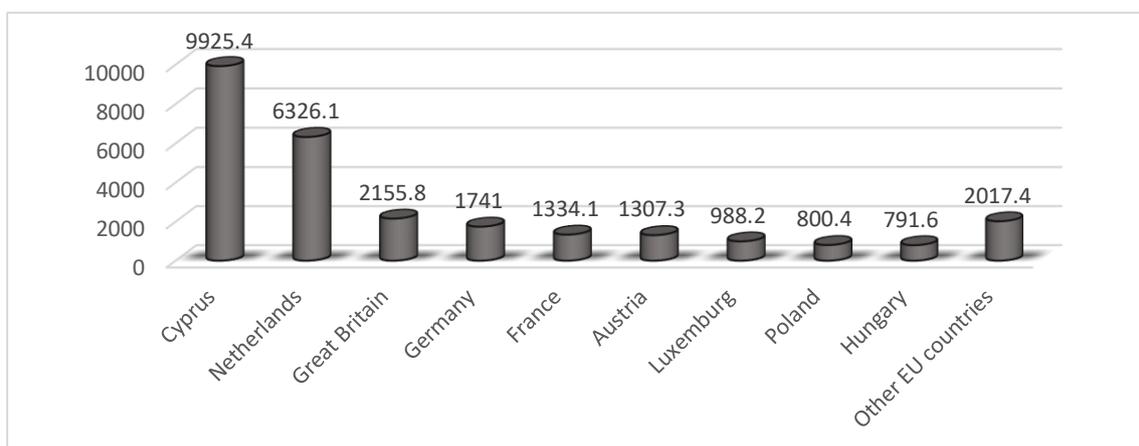


Fig.2 Major investors in Ukrainian economy  
 Source: [4]

Because of all these processes and government’s self-will Ukraine was ranked 130<sup>th</sup> out of 180 countries in the *Corruption Perception Index* in the annual study by Transparency International. Such a position is the result of high rates of corruption and a high level of shadow economy [6].

This ranking makes investors change their mind before investing money into our economy, as it would not return in a week or a month; it might take a business even a

few years to finally become profitable. Furthermore, the process of starting a business in Ukraine is complicated and complex, with tax system being one of the most ineffective (Table 1).

Table 1

Comparison of taxation systems among Post-Soviet states

Source: [1]

Country	Corporate tax	Income tax (minimum)	Income tax (maximum)	Sales tax
Belarus	18%	13%	17%	20%
Estonia	0%	20%	20%	9%, 20%
Moldova	12%	12%	12%	10%, 20%
Russia	20%	13%	47%	20%
Ukraine	18%	18%	18%	20%
Georgia	0%	20%	20%	18%
Bulgaria	10%	10%	28%	20%

Moreover, Ukraine's positions in the ease of doing business index are not high enough for investors to invest into Ukraine's economy (Table 2).

Table 2

Ukraine's positions in the ease of doing business index compared to those of other Post-Soviet states

Source: [2]

Country	2006	2009	2012	2015	2018
Belarus	107	82	69	57	38
Estonia	18	22	24	17	12
Moldova	69	108	81	63	44
Russia	95	118	120	62	35
Ukraine	124	142	154	96	76
Georgia	98	16	9	15	9
Bulgaria	48	42	59	38	50

**Conclusion.** On this basis, we conclude that that offshoring is a process that negatively affects the economy of a donor-country and it is not only about the economic life of a country but the quality of life inside it. The main problem of the Ukraine is the ineffective tax system and an unfavourable investment climate. The political system and instability of the national currency make investors think twice before making deals with Ukrainian enterprises or starting a business in the state.

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***Yuliia Demianova***

*Vasyl' Stus Donetsk National University*

*Vinnitsia*

*Research Supervisor: N. Yu. Ishchuk, PhD in Pedagogy, Ass.Prof.*

*Language Advisor: N. Yu. Ishchuk, PhD in Pedagogy, Ass.Prof.*

## **THE IMPACT OF ROBOTICS ON THE LABOR MARKET**

**Introduction.** The relevance of the topic is caused by the fact that nowadays there must be a clear understanding of the criteria of the new environment, challenges and problems which are caused by the general trends of innovative development and by robotics in particular. According to the International federation of robotics, production of industrial robots on a global scale is already a global multi-billion market that increases annually by 12%. Robotics of production is caused by economic efficiency and has a direct impact on firms' economics.

**Review of recent publications.** The issue of essence and value of robotics has been covered in publications of such scientists as T. Harford, A. Muraviov [1] and also in some reports of the international organizations, among which are the International Federation of Robots [2] and the International Labour Organization. However, it should be noted that the issue under consideration calls for a more detailed research into the impact of robotics on the labor market.

**Objectives of the paper.** The study is aiming at the determining the main trends of the impact of robotics on the labor market.