RESEARCH OF INVESTMENT ACTIVITY AND INVESTMENT PROJECTS ATTRACTIONNESS DURING CORONACRISIS

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1. Introduction
2. Investment policy before the pandemic
3. Analysis of the investment projects attractiveness within industries
4. Investment policy during the pandemic
5. Factors influencing investment
6. Ways for countries to avoid large losses
7. Conclusion
Thus, the study of investment activity allows predicting the direction of economic development and preventing possible negative trends; COVID-19 pandemic and the subsequent coronacrisis had the most significant influence on investment activity:

- reduced the foreign direct investment (FDI) by 35%;
- affected economic security;
- shook economic stability;

The purpose of the study is to analyze the global prospects for investment activity and formulate recommendations for increasing the investment attractiveness of projects.
In 2019 foreign investment flows have stabilized, but now projects are in jeopardy.

The projects announced in 2019 will create 30-50% fewer jobs than expected at the stage of forming the relevant business plans.

65% of the 6,412 projects announced in 2019 are already in place or are proceeding as planned, albeit with downgraded capacity and recruitment.

A further 25% of projects are delayed and 10% are canceled.

Source: EY Flash Survey May 2020 (total respondents: 113)
ANALYSIS OF THE INVESTMENT PROJECTS ATTRACTIVENESS WITHIN INDUSTRIES

The digital technology and business services sectors combined accounted for almost a third (31%) of all projects and 24% of new jobs.

The vehicle manufacturing sector which includes the production of automotive and aviation products and components with 7% of new projects and 23% of new jobs.

The situation is similar with mechanical engineering, chemical industry and plastics production.

Companies in sectors experiencing a surge in demand due to COVID-19 (such as life sciences, essential consumer goods and retail, e-commerce and online entertainment) will more likely maintain their investment plans.

The worst situation will be in the vehicles production, in the chemical industry, plastics production, mechanical engineering and industrial equipment production, as well as in the agro-industrial complex.
Pandemic forced the management of many companies to reconsider their investment policies:

- 23% plan to completely delay new projects until 2021.
- 15% expect a substantial decrease.
- Overall, 66% expect a decrease in 2020 investment plans.
- Only 11% of businesses do not expect any change.
- 51% of businesses expect a minor decrease in their 2020 FDI plans.

Source: EY Flash Survey May 2020 (total respondents: 113)

The volume of investments had to be revised for reasons related to the widely introduced self-isolation regimes, which, in fact, make it impossible to assess and implement investment projects.
FACTORS INFLUENCING INVESTMENT

80% of CEOs surveyed in April 2020 noted that the volume and effectiveness of national incentive measures will be of the greatest importance.

Executives that make allocation decisions expect three megatrends to drive their investment plans in a post-COVID world:

- The acceleration of technology for cost reduction and customer access;
- A sharper focus on climate change and sustainability in investment decisions;
- A reconfiguration of supply chains, with a new mix of reshoring, nearshoring and offshoring.

The digital competitiveness of the national economy, the availability of relevant skills and infrastructure, as well as a dynamically developing technology sector are factors that have long played a decisive role while choosing a country for investment.
To avoid large losses countries should operate immediately in the following four areas:

1. Promoting the ideas of globalization, strengthening the global market
HOW TO AVOID LARGE LOSSES

2. Investing in technology, health care and environmental-friendly production
HOW TO AVOID LARGE LOSSES

3. Funding the “new normal” with a careful balance between public support and economic competitiveness
HOW TO AVOID LARGE LOSSES

4. Preparing for the next shock
Now it is difficult to predict how quickly investment activity will recover, as this will depend partly on the pace of economic recovery in FDI donor countries.

Companies should consider the fact that it is necessary to provide universal access to high-speed Internet and establish efficient communication channels in remote areas.

Accelerated technology adoption will make digital competitiveness an even more important factor in making investment decisions.
THANK YOU FOR ATTENTION!