

FEATURES OF BUSINESS INVESTMENT IN A PANDEMIC

Cechy inwestycji biznesowych w pandemię

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Abstract:

The article examines the state of investment in business development in the Republic of Kazakhstan in the event of a pandemic and analyzes the level of investment in business.

Adnotacja:

W artykule przeanalizowano stan inwestycji w rozwój biznesu w Republice Kazachstanu w przypadku pandemii i przeanalizowano poziom inwestycji w biznes.

Key words: COVID-19, pandemic, norovirus, investment, foreign investment, investor.

Słowa kluczowe: covid-19, pandemia, norovirus, inwestycje, inwestycje zagraniczne, inwestor.

The global COVID-19 pandemic has affected Kazakhstan. One of its main manifestations is the global economic downturn. According to the latest forecast of the International Monetary Fund, in 2020 the world economy will fall sharply by 4.9%, and then grow by 5.4%. However, much still depends on the progress of humanity in the fight against the pandemic, and if it does not decrease by the end of 2020, the decline may continue in 2021. In this case, it is difficult to attract investments in a business to support its operation or development: investors are cautious, many of them withdraw capital from emerging markets.

Kazakhstan's financial platforms - international financial centers that promote market development and foreign investment by offering access to financing in various formats - can help in this.

The COVID-19 pandemic is reflected in the international experience of using foreign direct investment. At the same time, as a result of timely measures,

it was possible to attract \$ 17.1 billion of foreign direct investment to Kazakhstan in 2020, which slowed the decline in foreign capital inflows to 30%. In general, over the past 10 years, the annual inflow of investments into the republic, excluding the crises of 2015 and 2020, averaged about \$ 24 billion.

In addition, efforts were made last year to implement the projects already started. As a result, 41 investment projects with foreign participation were put into operation, more than 7,000 jobs were created for a total of \$ 1.6 billion. From their:

- Construction of a new airport in Turkestan region - YOTA Holding (Turkey, \$206 million);
- Construction of a tourist and hotel complex on the territory of Aktau - Sembol Construction and Engineering (Turkey, \$ 173 million);
- Construction of a 100 MW HPP in Zhambyl region - Total Ceran (France, \$ 130 million);
- Production of technical gases in the Karaganda region - Linde Group (Germany, \$ 83 million);
- Hyundai - production of Hyundai Trans Kazakhstan (South Korea, 58.5 million dollars); And
- Fifth generation greenhouse in Aktobe region (Phase 2) - Food Ventures (Netherlands, \$22.3 million).

According to forecasts, in 2022-2023. It is expected that the growth rate of foreign direct investment will return to the pre-pandemic level. According to statistics, in 2020, 90% of foreign direct investment came from 14 major donor countries: the EU (Netherlands, Switzerland, Belgium, France, Germany, Italy), the USA, Great Britain, Russia, China, South Korea, Turkey, Japan and the UAE.

Foreign direct investment decreased by 42% last year. The cash flow of investors to the developed countries of Europe, North and Latin America has significantly decreased. Although foreign direct investment is positive this year, it will not be possible to restore the previous dynamics. If in 2019 the volume of global foreign direct investment amounted to \$ 1.5 trillion, then last year only \$ 859 billion came from abroad to the economies of different countries, which is one third of the minimum registered investment volume after the global financial crisis of 2008-2009. it was not homogeneous. The countries with economies in transition (-77%), developed countries (-69%), North America (-46%) suffered the most. Developing Asian countries withstood the financial storm and lost only 4% of FDI. According to the UN, Kazakhstan has not lost its position on foreign direct investment.

Forecasts based on announcements of mergers, acquisitions, and project financing in 2021 give an ambiguous picture of future trends and confirm weak dynamics.

This year's prospects for developing countries are of great concern. The number of announcements of new projects decreased by 46%, financing of international projects by 7%. These types of investments are very important for the development of production facilities, infrastructure and, consequently, for the prospects of sustainable recovery.

Today, Kazakhstan has a three-level investment attraction system, within which the country's investment programs have been developed for all foreign institutions of the external perimeter for a period of 5 years. It clearly defines the number of industries and companies to target. This method of individual work allows our embassies, for example, to work with 150-200 interested investors per month.

The coronavirus pandemic has highlighted the need to ensure economic security, and therefore additional efforts will be made to attract investment in the pharmaceutical, manufacturing and food industries. In addition, the main attention in the implementation of the investment policy will be paid to areas of great interest to foreign investors, such as logistics, digital and «green» technologies, exploration of new deposits and others. Thus, in the future, investors are expected to show great interest not only in attracting capital to the manufacturing sector, agriculture, but also to increase productivity and innovation. It is planned to increase the flow of advanced technologies to create a closed-cycle economy based on decarbonization and renewable resources, in particular, the use of «green» hydrogen. The realization of the country's transit potential, which grew last year, will increase. On behalf of the Ministry of Foreign Affairs, the Investment Committee considered ways to attract investments and developed a number of systematic and operational measures.

As part of systemic measures, global investors and international financial development institutions are being revived, platforms for the Council of Foreign Investors, the Council for Improving the Investment Climate, as well as meetings on the Kazakhstan-European Union dialogue platform are emerging.

The operational approach involves the execution and support of specific investment transactions in the short term. For this purpose, a new algorithm for investment management and targeted work with investors was introduced. In addition, a rating of regions will be conducted annually to achieve them and implement the investment plan.

According to the Investment Committee of the Ministry of Foreign Affairs of the Republic of Kazakhstan, in order to increase the convenience of investors, state services for the conclusion of investment contracts have been automated. Thanks to the transition to online mode during the pandemic, we managed not only to keep the number and number of contracts for 2020 at a record level, but also to increase it. As a result, 56 investment contracts totaling 635 billion tenge were signed during the year, which is the highest figure for the last 10 years. In particular, 8 contracts worth 51.2 billion tenge were signed in the manufacturing industry.

2021-2022 After the outbreak of the COVID-19 pandemic, the economic and social situation in the country will improve. I think that with the help of the Investment Committee of the Minister of Internal Affairs of the Republic of Kazakhstan and other financial platforms, the situation in the country can be corrected. With the help of foreign investors, every sector of the economy will develop and reach its peak. I am sure that the introduction of this three-level investment system will make a significant contribution to the country's economy.

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