

TRANSFORMATION OF INVESTMENTS ACTIVITIES DURING THE COVID-19 PANDEMIC

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The Covid-19 pandemic has affected and continues to affect all economic activities. In particular, it affects the globalization of economic activity, in which investment is central. The effects of the pandemic and the economic slowdown are still ongoing, but investor portfolios are already experiencing some constraints and the need for further investment continues to grow. It is expected that the revision of national measures to overcome the consequences of the COVID-19 pandemic will have an impact on investment policies of states, in particular, the trend towards a more stringent policy of admitting foreign investment in industries considered critical for host countries will intensify. At the same time, the pandemic could provoke increased competition for investment in other industries as affected countries seek to recover from the downturn and restore supply chains. UNCTAD's data on estimating the economic impact of the pandemic on the profits of the largest multinational corporations suggest that global Foreign Direct Investment (FDI) flows may decline from 30% to 40% over 2020-2021[1].

As a result of the global crisis, existing investment projects around the world have slowed down, and the prospects for a deep recession have forced international enterprise groups to re-evaluate new projects. Announced green-field investment projects in emerging economies fell by 46%, mainly due to processes in the manufacturing sector. All this is evidence that in the context of the COVID-19 pandemic, foreign investors are increasingly

reluctant to respond to new investment opportunities. Since greenfield investment projects have a long maturation period and life cycle that can last for decades, many new projects are likely to be delayed. However, depending on the severity of the consequences of the COVID-19 pandemic, the implementation of projects from scratch may be completely interrupted or postponed indefinitely [2, p.59].

The decline in investment activity was the result of quarantine measures and restrictions that include the shutdown of certain sectors of the economy, such as tourism, passenger transport, hotel and restaurant business. The impact of the Covid-19 pandemic on investment activities is difficult to fully assess, as its effects will be fully felt in a few years. The fact remains that the decline in investment will depend on the duration of the pandemic and the restrictive measures taken by governments.

References:

1. Impact of the Coronavirus outbreak on global FDI / Special Issue on the impact of the pandemic. Retrieved from https://unctad.org/en/PublicationsLibrary/diaefinf2020d2_en.pdf.
2. Mukha D. Transformation of Investment Policy Under Pandemic COVID-19. Banking Bulletin. 2020. – P. 59-72.