

## Analytical note

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<b>The idea of the project</b>	<b>DEVELOPMENT OF THE ECONOMIC COLLABORATION IN THE CASPIAN SEA: NEW CHALLENGES AND WAYS OF RESOLUTIONS</b>
<b>Problem situation (case)</b>	<p>Description</p> <p>The quick widespread of COVID-19 infection has a significant and negative impact on the economy, security and state of the peoples of the Caspian region. The region's borders with three major spots, such as China, Iran, and Russia pose particular challenges. To contain the progression of the pandemic, the governments of the Caspian littoral countries have imposed emergency restrictions, including border closures, countrywide lockdowns and quarantine measures, and have changed economic activity to priority essential goods and medicines.</p> <p>Due to the downfall in oil prices and the epidemic of coronavirus infection, the investment attractiveness of the Caspian region may soon decrease.</p>
<b>Available solutions to this problem</b>	<p>Classification of existing approaches</p> <p>Azerbaijan has spent 1 billion manat (\$589 million) on an economic stimulus plan to alleviate the effects of COVID-19. Kazakhstan has imposed a \$10 billion stimulus measure package to alleviate the influence that COVID-19 and declining oil prices are projected to have on the economy. Despite the official statement that there are no substantiated cases of COVID-19 in Turkmenistan, the government applies strict rules in accordance with its neighbors.</p> <p>Advantages</p> <p>Disadvantages</p> <p>The negative effect of these necessary measures is aggravated by the slowing global economy and falling oil prices. The region's economy, heavily</p>

	<p>dependent on income from fossil fuels, raw material exports, remittances mainly coming from Russia, the informal economy, and tourism, has been hit hard, and a severe economic downturn is expected to last for at least a few years.</p>
<p><b>Proposed solution to this problem</b></p>	<p>Description of the alternative approach, the procedure for its implementation</p> <p>In the future, it is planned to establish a Business Council "Kazakhstan-Azerbaijan" to promote economic cooperation, formulate recommendations for the public administrations of our countries, and resolve problematic issues. Stimulus packages have been developed to increase social benefits, improve medical technologies, and support employment in infrastructure projects.</p> <p>It is important to increase the effort of trade volume, which can stimulate internal economic activity in the countries of the Caspian Sea and Central Asia and reduce the negative influence of the pandemic. It is necessary to rush the process of connecting transport and logistics hubs between the Caspian region and Central Asia, which, besides developing of regional trade, will help to entering new markets and socio-economic progress.</p> <p>Opportunities</p> <p>Caspian countries have great prospects in the agricultural sector, tourism and construction. The pandemic has also promoted the Caspian littoral countries to offer innovative new policy solutions. For example, Kazakhstan has immediately responded to the public health challenge by increasing its digitalization of primary health care services and strengthening its diagnostic capacity of laboratories. It is also possible to actively develop in the production of light petroleum products. In addition, the countries of the region have the potential for cooperation in the sector of light industry. It opens up huge opportunities for the countries of the region to trade with each other.</p> <p>Risks</p> <p>Petroleum products require large investments, which means that it will require the involvement of serious</p>

	<p>investors. Petrochemicals are related to the needs of industrial enterprises, so no breakthrough is expected in this area. To do this, it is necessary to create an industrial base, requiring serious actions on the part of the governments of the Caspian states aimed at strengthening the confidence of potential investors. There is also great potential for the development of tourism, which is associated with low economic growth in the Caspian countries and, as a result, with the "freezing" of the population's income. Vacation in foreign countries is becoming an expensive pleasure, so there are opportunities for the development of regional tourism.</p>
<p><b>Expected Result</b></p>	<p>For the active development of the economy in the region, it must be noted the following premise: increasing investment attractiveness, developing infrastructure (port, road, railway), storage and distributional complexes, customs terminals.</p>
<p><b>Literature</b></p>	<p>List</p> <ol style="list-style-type: none"> <li>1. Statement of the President of the Russian Federation at the Fifth Caspian Summit. Aktau, August, 12, 2018.</li> <li>2. "UPDATE: The United States Is Continuing to Lead the Humanitarian and Health Response to COVID-19." U.S. Department of State</li> <li>3. The Caspian region and U.S. engagement during and after the COVID-19 crisis special report by the Caspian Policy Center</li> <li>4. The Caspian Basin Oil and Its Impact on Eurasian Power Games. -London</li> </ol>