

4. COVID-19 EPIDEMIC AND WORLD ECONOMY

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ABSTRACT

The COVID-19 pandemic has had far-reaching consequences beyond the spread of the disease itself and efforts to quarantine it. As the SARS-CoV-2 virus has spread around the globe, concerns have shifted from supply-side manufacturing issues to decreased business in the services sector. The pandemic caused the largest global recession in history, with more than a third of the global population at the time being placed on lockdown. In turn, it caused the largest and worst civil unrest in the United States history since King assassination riots in 1968, which worsening economic impact caused by pandemic since it contains extensive property damage. Supply shortages are expected to affect a number of sectors due to panic buying, increased usage of goods to fight the pandemic, and disruption to factories and logistics in mainland China. There have been instances of price gouging. There have been widespread reports of shortages of pharmaceuticals, with many areas seeing panic buying and consequent shortages of food and other essential grocery items. The technology industry, in particular, has been warning about delays to shipments of electronic goods.

Global stock markets fell on 24 February 2020 due to a significant rise in the number of COVID-19 cases outside mainland China. By 28 February 2020, stock markets worldwide saw their largest single-week declines since the 2008 financial crisis. Global stock markets crashed in March 2020, with falls of several percent in the world's major indices. As the pandemic spreads, global conferences and events across technology, fashion, and sports are being cancelled or postponed. While the monetary impact on the travel and trade industry is yet to be estimated, it is likely to be in the billions and increasing. This paper describes the impact of Covid-19 epidemic on world economy and the possible ways in which the disease can be controlled.

KEYWORDS: Covid-19, epidemic, lockdowns, world, economy.

Introduction:

Economy: China's economic growth is expected to slow by up to 1.1% in the first half of 2020 as economic activity is negatively affected by the new coronavirus pandemic, according to a Morgan Stanley study cited by Reuters. But on 1 February 2020, the People's Bank of China said that the impact of the epidemic on China's economy was temporary and that the fundamentals of China's long-term positive and high-quality growth remained unchanged. Due to the outbreak, the Shanghai Stock Exchange and the Shenzhen Stock Exchange announced that with the approval of the China Securities Regulatory Commission, the closing time for the Spring Festival will be extended to 2 February and trading will resume on 3 February. Before that, on 23 January, the last trading day of a shares before the Spring Festival, all three major stock indexes opened lower, creating a drop of about 3%, and the Shanghai Composite Index fell below 3000. On 2 February, the first trading day after the holiday, the three major indexes even set a record low opening of about 8%.[144] By the

end of the day, the decline narrowed slightly to about 7%, the Shenzhen index fell below 10,000 points, a total of 3,177 stocks in the two markets fell.

The People's Bank of China and the State Administration of Foreign Exchange have announced that the inter-bank Renminbi foreign exchange market, the foreign currency-to-market and the foreign currency market will extend their holiday closed until 2 February 2020. When the market opened on 3 February, the Renminbi was now depreciating against major foreign currencies. The central parity rate of the Renminbi against the US dollar opened at 6.9249, a drop of 373 basis points from the previous trading day. It fell below the 7.00 than an hour after the opening, and closed at 7.0257. The World Bank expects China to grow by just 0.1–2.3%, the lowest growth rate in decades. On 22 May, Chinese Premier Li Keqiang announced that, for the first time in history, the central government wouldn't set an economic growth target for 2020, with the economy having contracted by 6.8% compared to 2019 and China facing an "unpredictable" time. However, the

government also stated an intention to create 9 million new urban jobs until the end of 2020.

Honkong: The worst economic effects from the outbreak are expected for Australia, Hong Kong and China.

Macau: On 4 February 2020, all casinos in Macau were ordered shut down for 15 days. All casinos reopened on 20 February 2020, but visitor numbers remained low due to the pandemic, with hotels at less than 12% occupancy at the end of February.

Japan: Prime Minister Shinzō Abe has said that "the new coronavirus is having a major impact on tourism, the economy and our society as a whole.

South Korea: The economy of South Korea is forecast to grow 1.9%, which is down from 2.1%. The government has provided 136.7 billion won for local governments as support. The government has also organised the procurement of masks and other hygiene equipment.

Taiwan: On 24 January, the Taiwanese government announced a

temporary ban on the export of face masks for a month in order to secure a supply of masks for its own citizens.

India: On 19 March 2020, the Indian government has banned the export of ventilators, surgical/disposable masks and textile raw materials out of the country.

Pakistan: The Economy of Pakistan faced a devastating impact from the coronavirus outbreak because it was in recessionary conditions in the quarter prior to the pandemic.

Sri Lanka: In Sri Lanka, research houses expect the economic impact to be limited to a short-term impact on the tourism and transport sectors.

Southeast Asia: Among Association of Southeast Asian Nations countries, the city-state of Singapore was forecast to be one of the worst-hit countries by Maybank.

Saudi Arabia: On 27 February, Saudi Arabia halted travel to Mecca and Medina over coronavirus. This has prevented foreigners from reaching the holy city of Mecca and the Kaaba. Travel

was also suspended to Muhammad's mosque in Medina. Images of the emptied of the Great Mosque of Mecca, where pilgrims are ordinarily performing the tawaf around the Kaaba, went viral on social media.

Literature Review:

Studies on impact of covid-19 on international trade has been carried out by various workers which include the studies of Maliszewska Maryla *et al.*, (2020) which exhibit the Potential Impact of COVID-19 on GDP and Trade. Dubey Pranjal (2020) has analysed the Impact of COVID-19 on Indian Exports and Global Business - Part 2. Trade and the COVID-19 crisis in developing countries has been investigated by Espitia Alvaro *et al.*, (2020). Blenkinsop Philip (2020) has suggested that Coronavirus could reduce world trade by up to a third, according to the WTO. And also the Impact of COVID-19 on International Trade has been recently investigated by Baker Paul & Esparza Eduardo (2020). Mahar Irfan (2020) has discussed the Impact of Covid-19 on Global Economy Structure. Azevedo DG (2020) has carried out

trade set to plunge as COVID-19 pandemic upends global economy. And the impact of the coronavirus pandemic on the global economy, Statistics & Facts has been investigated by Duffin Erin (2020).

Conclusion:

As the SARS-CoV-2 virus has spread around the globe, concerns have shifted from supply-side manufacturing issues to decreased business in the services sector. The pandemic caused the largest global recession in history, with more than a third of the global population at the time being placed on lockdown. In turn, it caused the largest and worst civil unrest in the United States history since King assassination riots in 1968, which worsening economic impact caused by pandemic since it contains extensive property damage. Supply shortages are expected to affect a number of sectors due to panic buying, increased usage of goods to fight the pandemic, and disruption to factories and logistics in mainland China. There have been instances of price gouging. There have been widespread reports of

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