

# CORONAVIRUS' EFFECT ON THE GLOBAL ECONOMY

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**Annotation.** The article deals with the term of global economic issues that are caused by the COVID-19 pandemic. It is mentioned how businesses are coping with lost revenue, factory shutdowns and other consequences of quarantine measures spread across the world. It is described how the global marketplace has suffered. It is also illustrated what radical recovery measures must be considered.

**Keywords.** COVID-19 pandemic, global economy, market, virus, vaccine, lockdown, quarantine.

The pandemic's hit to economic activity has led many institutions to slash their forecasts for the world market. Economies around the world are experiencing losses, people are losing jobs. As the pandemic spreads, international events and conferences concerning fashion, technology and sports are being cancelled. Consequently, the global economic system could be described as the one experiencing broad uncertainty. Almost every aspect of the global economy was transformed.

The first point is fluctuating market. Global stock markets fell on February 24 due to the significant number of COVID-19 cases in China. By 28 February 2020, stock markets worldwide had seen their largest single-week declines since the 2008 financial crisis [4]. Enormous stock market alterations of this kind may influence the value of personal saving accounts, pensions and wages. Further lockdowns and problems with vaccination all over the world may cause more profound changes in the market. For instance, the UK announced new fiscal spending measures to fight the worsening crisis. Danish government expressed an intention to help private companies to struggle the fallout by covering 75% of employee's wages [2]. Analysts are worried that the possibility of further lockdowns and delays in vaccination procedures might trigger more market volatility this year.

The second point is job hunting and employment. Due to the pandemic, certain parts of the international market such as tourism and production are now in recession. Thousands of workers have lost their jobs, millions have been put on job retention schemes generally supported by governments. The number of working places is in huge deficiency (in the US the unemployment rate climbed to 14% - more than 20 million citizens lost their jobs) [2]. In Belarus 55 % of population marked decline in earnings caused by the pandemic. Such tendency is also expected in Ukraine and Turkmenistan. The potential impact of COVID-19 on unemployment, households' purchasing power, food prices and food availability in local markets could severely jeopardize access to food in the most vulnerable countries.

The current situation reminds of a Great Depression. Growing economy is usually the one with the positive change in Gross Domestic Product. The amount and value of goods (or services) being produced is rather important in defining whether the economic plan being performed is efficient. The International Monetary Fund has declared that the coronavirus pandemic has instigated a global market to the degree the world has not seen since the Great Depression. The World Bank estimated that GDP in our country declined by 4% and there may be a positive change by 1% only in 2021 [5]. It is the first crisis since 1930s to engulf both advanced and developing economies. That is why the damage to the economy will be lasting and extensive.

The next point is new shopping habits. People are still feeling anxious about returning to stores. Anxiety increases if we take into consideration new forms and surges of the virus. That explains consumers' desire not to return to shops any time soon. This change in shopping behavior boosted online retail extremely, with a global revenue of \$3.9 trillion in 2020 [1].

Fashion industry suffered a lot. Like many other industries, the fashion world has long embraced China as a source of cheap manufacturing — the country is by far the world's largest producer of textiles. Now there are delays in the manufacturing supply chain. Those delays are particularly problematic in the fashion business because clothes are sold in seasons. However, online shopping deserved plenty of recognition during lockdown. It definitely helped the industry to escape the worst.

What concerns tourism, it was rather predictable that with the new quarantine measures the sphere of traveling would be affected the most. Flights have been cancelled; consumers rescheduled their trips (especially after tighter travel restrictions have been introduced). The United Nations World Tourism Organization estimated that global tourist arrivals might decrease by 58% to 78%, leading to a potential loss of US\$0.9–1.2 trillion [4]. Flight Radar 24 shows that the number of flights globally took a huge hit in 2020 and it is still far from recovery.

Moreover, the epidemic has considerably influenced the cultural heritage globally. The cinema industry shut down all the premiers, resulting in global box office dropping by millions of dollars. The pandemic delayed production of television programs in several countries. However, there was an increase in streaming sessions globally on such platforms as Netflix and Disney+.

As about sport, the COVID-19 pandemic caused changes in a world sporting calendar that had not been seen since World War II. Major sporting event, the 2020 Summer Olympics in Tokyo, was postponed until 2021.

The last point is pharmaceutical companies. They are playing the leading role during the pandemic. Therefore, some American companies such as Gilead and Eli Lilly experienced growth in the stock market. There was also a burst of modernization in the field of infection diseases. Shares in some pharmaceutical companies involved in vaccine development increased rapidly.

However, some companies that are struggling with lost revenues calculated ways of pulling out of recession. In a face of further potential hit of the virus, pharmaceutical businesses provided help to the countries affected the most. For instance, English pharmaceutical company AstraZeneca or AZ donated 9 million face masks to countries struggling the most. Another company Eli Lilly offered the greatest aid to their diabetic population, distributing adverts in various US papers itemizing ways of getting help in such an unstable time. GlobalData predicted that the companies would only override the loss of profit with the perspective of a successful drug agent against the virus [3].

Summing it up, community is in a huge risk of facing more serious issues concerning economy. Sectors of economy that suffered the most in Belarus are hospitality, foreign trading, transport and entertainment. Therefore, it is vitally important to find ways of improving the current situation. It must be the main priority.

Here are potential steps for governments to pull out of the depression faster:  
supporting startups

Growth from the startups across the world will be supply chain to the new economy. Startup founders go nap just to make the world a better place. It is the key part of innovation. The concentration and creativity they show during the crisis will define whether they survive. It will lead the way to the new economy.

finding a better balance between globalization and self-reliance

Economists used to think that in a globalized world borders did not matter and a country struggling difficulties could always turn to other countries for help. However, now borders suddenly do matter as countries hold on tightly to supplying medical care and equipment. Our seemingly efficient supply chain was built on searching the world for the lowest-cost producer. But it has been an improvident plan. The system is defenseless to interruptions and the market is plainly not steady. The system was capable enough of absorbing problems of a rather small scale but it turned out it wasn't ready to handle more serious issues. That's why it is extremely significant to foresee the extent of problems that may appear in the economy of the future.

lifting quarantine as soon as possible

The economic aftermath of the COVID-19 pandemic cannot be calculated. Many countries confronted economic shock they could have never imagined. For such sectors of economy like retail the lockdown may appear to be crucial because e-commerce has already been its serious competitor. Many stores will not open again, hundreds of jobs will be lost permanently. It is self-evident that the longer the lockdown sustains, the harder it is to recover the economy. The public response to the situation is determinative: if people decide to stick to the risk-aversion, it will only strengthen the intensity of the world crisis.

To sum up, the global economy was influenced by the coronavirus' pandemic extremely. The parts of the economy that were impacted the most are stock markets, employment, tourism and entertainment. The spheres developed the most during the pandemic are e-commerce, online-entertainment and production of the medical goods. The potential steps for fixing current economic situation are supporting new businesses and preparing economic system for facing more serious issues that may appear in the future.

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