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INTRODUCTION TO THE EFFECT OF CORONAVIRUS OUTBREAK GLOBALLY

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There is widespread of agreement among states political leaders and economists that the Coronavirus outbreak will have severe negative impacts on the global economy. Early estimates predicated that, should the virus become a global pandemic, most major economies will lose at least 2.4 percent of the value their gross domestic product (GDP) over 2020, leading economists to already reduce their 2020 forecasts of global economic growth down from around 3.0 percent to 2.4 percent. To put this number in perspective, global GDP was estimated at around 86.6 trillion U.S. dollars in 2019 – meaning that just a 0.4 percent drop in economic growth amounts to almost 3.5 trillion U.S. dollars in lost economic output. However, these predictions were made prior to COVID-19 becoming a global pandemic, and before the implementation of widespread restrictions on social contact to stop the spread of the virus. Confirmed cases of COVID-19 have now hit nearly 2.5 million globally. Businesses are coping with lost revenue and disrupted supply chains as factory shutdowns and quarantine measures spread across the globe, restricting movement and commerce. Unemployment is skyrocketing, while policymakers across countries race to implement fiscal and monetary measures to alleviate the financial burden on citizens and shore up economies under severe strain.

THE INTERNATIONAL MONETARY FUND (IMF) RESPONSE TO THE OUTBREAK

The International Monetary Fund (IMF) on 9 April said the coronavirus pandemic had instigated an economic downturn the likes of which the world has not experienced since the Great Depression.

On 15 April, the IMF warned economies in Asia would see no growth this year, for the first time in 60 years, with the service sector particularly under pressure.

National lockdowns across the region have meant airlines, factories, shops and restaurants have suffered the greatest economic shocks.

Just a day after the IMF warning, official data showed the Chinese economy had contracted in the first quarter - the first time since quarterly records began in 1992.

GDP in the world's second largest economy fell 6.8% in January-March year-on-year - more than the 6.5% forecast by analysts and the opposite of the 6% expansion in the fourth quarter of 2019. The Chinese economy is likely to be hit further by reduced global demand for its products due to the effect of the outbreak on economies around the world. Data released on 16 March showed China's factory production plunged at the sharpest pace in three decades in the first two months of the year. Monetary policy: central banks act but stocks, oil continue to come under steep pressure

To combat the economic fallout, the US Federal Reserve on 15 March cut its key interest rate to near zero. But the move, coordinated with central banks in Japan, Australia and New Zealand in a joint-effort not seen since the 2008 financial crisis, has failed to shore up global investor sentiment. As of 9 April, the S&P 500 stock index is down more than 13% since the start of the year, while global oil prices have plummeted more than 47% year-to-date.

The Fed on 9 April unveiled a new batch of programs, saying it plans to provide 2.3 billion dollars in loans to small and midsize businesses, as well as US cities and states. The US central bank also expanded its corporate lending program to include some classes of riskier debt. Meanwhile, the European Central Bank (ECB) also took action, launching on 18 March a 750 billion pounds Pandemic Emergency Purchase Programme that is expected to last until the end of this year.

IMPACTS OF THE CORONAVIRUS OUTBREAK.

Economic Impacts

⁃ A fiscal response On 20 March, the UK announced radical fiscal spending measures to counter the economic impact of a worsening crisis. The government said it would pay up to 80% of the wages of employees across the country unable to work, as most businesses shut their doors to help fight the spread of coronavirus.

⁃ Earlier in the month, the Danish government announced it would help private companies struggling to manage the fallout from the pandemic by covering 75% of employees' salaries, if firms agreed not to cut staff.

⁃ Denmark has announced restrictions on companies that are registered in tax havens from accessing financial aid. Companies applying for state aid will also have to commit to not paying dividends or make share buy-backs this year and next. Dividends would be allowed if the aid was repaid.

⁃ Poland had already announced restrictions on access to state aid based on whether large firms pay taxes in the country.

⁃ The European Union more broadly has implemented fiscal measures to shore up the economy worth more than €3 trillion.

⁃ Meanwhile, the US Senate on 25 March approved an unprecedented $2 trillion stimulus plan, including direct payouts to millions of Americans. The House of Representatives is expected to pass the rescue package on Friday.

⁃ The impact on employment In the UK, the government's independent economics forecaster, the Office for Budget Responsibility (OBR), warned on 14 April that the country's economy could shrink by a record 35% by June 2020.

⁃ It also estimates UK unemployment could to rise by 2.1 million, to 3.4 million, by the end of June.

⁃ More than 5 million Americans filed new claims for unemployment benefits in the week ended 10 April, according to the US Department of Labor, bringing the total number of Americans who have lost their jobs in four consecutive weeks to over 22 million.

⁃ As the virus has spread around the globe, concerns have shifted from supply-side manufacturing issues to decreased business in the services sector. The coronavirus pandemic caused the largest global recession in history, with more than a third of the global population at the time being placed on lockdown.

⁃ 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, in addition, it also led to price gouging. There have been widespread reports of supply 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. By 16 March, news reports emerged indicating that the effect on the United States economy would be worse than previously thought

Social Impact

• On 18 March 2020, the World Health Organization issued a report related to mental health and psychosocial issues by addressing instructions and some social considerations during the COVID-19 outbreak. Due to doubts if pets or other livestock may pass on coronavirus to humans, many people were reluctant to keep their pets fearing transmission, for instance in the Arab World, celebrities were urging people to keep and protect their pets. Meanwhile, people in the U.K. tended to acquire more pets during the coronavirus lockdown.

⁃ Many countries have reported an increase in domestic violence and intimate partner violence attributed to lockdowns amid the 2019–20 coronavirus pandemic. Financial insecurity, stress, and uncertainty have lead to increased aggression at home, with abusers able to control large amounts of their victims' daily life.[126] United Nations Secretary-General António Guterres has called for a domestic violence "ceasefire".

⁃ The outbreak itself has been a concern for the 2020 Summer Olympics which is scheduled to take place in Tokyo starting at the end of July. The national government has thus been taking extra precautions to help minimise the outbreak's impact.The Tokyo organising committee and the International Olympic Committee have been monitoring the outbreak's impact in Japan.

Social economic impact

⁃ Tourism in China has been hit hard by travel restrictions and fears of contagion, including a ban on both domestic and international tour groups. Many airlines have either cancelled or greatly reduced flights to China and several travel advisories now warn against travel to China. Many countries, including France, Japan, Australia, New Zealand, the United Kingdom and the United States, have evacuated their nationals from the Wuhan and Hubei provinces.

⁃ The majority of schools and universities have extended their annual holidays to mid-February. Overseas students enrolled at Chinese universities have been returning home over fears of being infected—the first cases to be reported by Nepal and Kerala, a southern state of India, were both of students who had returned home. Nearly 200 million students have been affected by the in-school closures, with the second semester after the Chunyun resuming on 17 February through online classes for students to follow from their homes instead. The Ministry of Education has introduced a 7,000-server supported "national Internet cloud classroom" to cater to the 50 million elementary and middle school student populations.

⁃ The Finance Ministry of China announced it would fully subsidise personal medical costs incurred by patients. The sale of new cars in China has been affected due to the outbreak. There was a 92% reduction on the volume of cars sold during the first two weeks of February 2020. On 24 February, China's Standing Committee declared an immediate and "comprehensive" ban on its US$74 billion wildlife trade industry, citing the "prominent problem of excessive consumption of wild animals, and the huge hidden dangers to public health and safety" that has been revealed by the outbreak. This permanently extends the temporary ban already in place since the end of January.

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INTENDED AND NON-INTENDED CONSEQUENCES OF THE OUTBREAK

The 2019–20 coronavirus pandemic has affected educational systems worldwide, leading to the near-total closures of schools, universities and colleges. As of 18 April 2020, approximately 1.725 billion learners have been affected due to school closures in response to the pandemic. According to UNESCO monitoring, 192 countries have implemented nationwide closures and 5 have implemented local closures, impacting about 99.9 percent of the world's student population. On 23 March 2020, Cambridge International Examinations (CIE) released a statement announcing the cancellation of Cambridge IGCSE, Cambridge O Level, Cambridge International AS & A Level, Cambridge AICE Diploma, and Cambridge Pre-U examinations for the May/June 2020 series across all countries. International Baccalaureate exams have also been cancelled. School closures impact not only students, teachers, and families, but have far-reaching economic and societal consequences. School closures in response to COVID-19 have shed light on various social and economic issues, including student debt, digital learning, food insecurity, and homelessness, as well as access to childcare, health care, housing, internet, and disability services .The impact was more severe for disadvantaged children and their families, causing interrupted learning, compromised nutrition, childcare problems, and consequent economic cost to families who could not work. In response to school closures, UNESCO recommended the use of distance learning programmes and open educational applications and platforms that schools and teachers can use to reach learners remotely and limit the disruption of education.

The pandemic has impacted religion in various ways, including the cancellation of the worship services of various faiths, the closure of Sunday Schools, as well as the cancellation of pilgrimages surrounding observances and festivals. Many churches, synagogues, mosques, and temples have offered worship through livestream amidst the pandemic. Relief wings of religious organisations have dispatched medical supplies and other aid to affected areas. Adherents of many religions have gathered together to pray for an end to the pandemic, for those affected by it, as well as for the God they believe in to give physicians and scientists the wisdom to combat the disease; in the United States, Trump designated 15 March 2020 as a National Day of Prayer for "God’s healing hand to be placed on the people of our Nation". There is also the restriction of movements and the enforcement of wearing face masks before going anywhere. It has restricted one of the major fundamental rights of citizens which is freedom of movement. Due to this restriction there is a reduction in the production of goods and services globally. The lockdown of borders have also reduced economic relations between states.

In conclusion the Coronavirus outbreak has affected the global system in different ways and it is assumed by some people and the Third World War; cause every state of the world is being affected both economically, socially, and politically. Therefore it is left for the states to work together in order to put an end in this global pandemic and ensure the safety and welfare of citizens.

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