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**According to the Cambridge dictionary:** Global studies is the study of political, economic, and social situations in the world. Also, in our note is one of the definitions of global studies. “It is defined as a study of transnational issues and how these issues are interconnected with variety of other issues”. Global studies are centred around globalization, how globalization has impacted issues such as National security, climate change, human rights, diplomacy, environmental issues, conflict and so on.

Trending nationwide is the **Coronavirus infectious disease 2019 (COVID-19)** Which was declared a state of emergency by the World Health Organisation (WHO). The infectious disease is caused by a new virus that had not been previously identified in humans. It was first known to have originated in the Wuhan city of China on the 31st December 2019. And afterwards spread to other parts of the world. This virus has claimed lots of life round the world and at such, the outbreak was declared a public health emergency of international concern on the 30th January 2020.

**Global Economy has to do with issues affecting economies of every nation**. **Thus, it transcends boarders**. The ongoing Coronavirus outbreak has actually become one of the biggest threats to the International system, global economy and financial markets. This is due to the fact that countries of the world not only china have had to lock down industries, restrict movements of millions. As well as, suspend business operations. These decisions are bound to slow down the global economy as well as, drag down the world’s first and second economy. Namely, China and United States respectively. How great then could the effects be on third world countries. The disease spreading to countries such as Italy, Iran, South Korean, African states with over 7,000 cases each. Other European countries like France, Germany, Spain.

“From the Economic perspective, the key issues are not just the number of cases of COVID-19. But, the level of disruption to economies from containment measures” Ben May, Head of global macro research at Oxford Economic, said in a report.

The FTSE, Dow Jones industrial Average and the Nikkei have all seen huge falls since the outbreak began on 31st December, this has in fact being their biggest decline since 1987. This was recorded from a source: Bloomberg, 1st April 2020. Nikkei: -22.2%, Dow Jones: -24.1%, and FTSE 100: -28.8%. Investors fear that spread of the coronavirus will destroy economic growth and that government action may not be enough to stop the decline.

**Considering how interconnected the world has become,** the output contractions in China are being felt around the world reflecting the key and rising role China has in global supply chains, Travel and commodity markets. Hence, the effect is very huge as it came at a time when most countries depend on China for supply of different commodities and as such had not yet diversified their supply chains.

Many global companies rely on suppliers based in China. For instance, 290 of Apple’s 800 suppliers are based in China and the country is responsible for 9% of global TV production. According to DHI’s Resilience, 360 Index, 50% of all manufacturing in Wuhan is related to the automotive industry and 25% to technology supplies from the region.

To indicate how integrated some foreign firms have become in China, the United States industrial glass and ceramics market corning, has built 19 factories across the mainland and has more than 5,000 Chinese employees.

Japan may be a richer economy. However, it also affected as China is a big buyer of Japan’s industrial machines, carl and trucks and technologically advanced consumer goods. More so, millions of Chinese tourists visit their eastern neighbour each year. Japan is facing cancellations of over 400,000 people in the first quarter of 2020.

Australia’s economy is tightly interconnected to China too. And its economy cries out as Australian universities are suffering because Chinese students have been locked out from enrolling

South-east Asia calls for more attention. Its local economies are practically tied to that of China’s Behemoth. It is worth remembering that, Asia’s worst post-war Financial crisis in 1997-98 was partly blamed on the devaluation of the Chinese currency.

Britain (United Kingdom) One or the other is always affected by effects in other economies because it is plugged to big economies of the world and for that particular reason. Always catches cold when the global economy sneezes. Last year (2019) Britain manufacturing went into recession in response to the tariff war between United States and China. This hit global Trade. Hence, one cannot even imagine what will happen now.

 Coronavirus and its deep-rooted effect in China is an issue of global concern due to the high level of integration in global economic system, trade and tourism to supply chains and all forms of commerce. It is said that “When United states sneezes and gets a flu the world catches cold and sickens”. This has equally become true of China in recent times.

The consequences of this lockdown in various regions have already been realised in many countries. The knock of the global economy will devastate billions of people already struggling to survive in poor and emerging economies. Not excluding the talks going on by Economists that the COVID-19 shock will produce a global recession.

In many parts of the world social distancing and lockdown policies could have even more disastrous consequences that go beyond just health outcomes, including stability and security. According to Banks across East Asia and pacific, 24million fewer people will escape poverty in 2020, in their report the economies commission for “Africa may lose half of its GDP” with food and drug shortages, capital flight, slowdown in investment and records of levels of unemployment. The poorest and mostly vulnerable are likely to be hit hardest.

**In relation to unemployment,** according to the BBC source: US Bureau Labour statistics weekly claims of unemployment in 2020 has increased so high in the month of April to about 16.6m. This number of people failing for unemployment is signalling an end to a decade of expansion for one of the worlds largest economies. The unprecedented increase in unemployment rate is already above 15%. With new claims arriving at a rate of 6-7 million per week.

**The Travel industry has been badly damaged with airline cutting flights and tourists cancelling business trips and holidays.** The rapid spread of COVID- 19 has had far reaching effects on people and their willingness to Travel. However, that was at the initial stage of COVID-19. As of now, not only do people lack willingness to Travel. But also, Governments has Locked boarders and in extension restricted movements within the Territories. Governments around the world have induced travel restrictions to try and contain the virus. More than 100 countries have done so.

The European Union banned Travellers from outside the bloc for 30 days in an precedented move to seal its boarders, Also, Trump’s administration has banned travellers from European airports from entering the United states.

These Travel bans has greatly affected the economy of so many countries, especially the ones that have Tourism Driven economies. Airline Shocks were among the biggest fallers in European equities, with Air France- KLM leading the pack downwards to 6% and other major European carriers with exposure to China also took a hit. Germany’s Lufthansa dropped more than 4%.

The United Kingdom Travel industry experts have also expressed concerns about Chinese Tourists being kept at home. There were about 4,5000 visits from China to United Kingdom in 12 months to September 2019. According to Visit Britain, Chinese travellers also spend three times more on an average visit to United Kingdom at 1,680 pounds each.

Even airlines with no direct exposures to China, came under pressure on fears that a drop- off in passengers flying out of the country could reverberate globally. Easy Jet slipped 5%. While Kyana was down 3%. Many stocks markets across Asia and Australia were closed for public holidays. Meaning shares of carriers is likely to be directly affected. Included is Hong Kong’s Cathay Pacific, Australia’s Qantas Singapore Airlines and others in mainland.

**According to satista.com impact on Travel and Tourism recorded 3rd April.**

Projected Tourism revenue in Asia in 2020: 164.7m USD

Loss in Global business travel due to COVID-19: -810.7bm USD

Global change in flight frequency as of April 6, 2020: -59.2%

The international Airport Transportation Associations warns that due to the restrictions in Tourism and Travel. The international film market could lose over $5billion in lower box office sales. Similarly, shares of major hotel companies have plummeted in the last few weeks and entertainment channels like Disney expect a significant blow to revenues. Restaurants, sporting events and other services will also face significant disruption. Industries less reliant on social interaction will be comparatively less vulnerable. But, will still face challenges as demand wavers.

**The Economic slowdown globally leads to lower energy Demand and fallout from COVID-19 has made all worse.** Around the month of March, members of OPEC and a few other major oil producers met to discuss an additional cut of 1.5million barrels per day. Through the end of June in response to the pandemic. When the agreement collapsed, Saudi Arabia cut prices and lifted output ostensibly to harm Russia, for refusing to agree to production cuts. Following the Saudi decision, Brent crude fell more than 20%. The sharpest drop since 1991, with analysts predicting the fuller declines ahead. The damage from the Saudi-Russia price war sends an unsettling signal, to markets hungry for a coordinated policy response to the epidemic, especially considering Saudi Arabia’s current role as G20 president. The disagreement on production cuts caused the largest plunge in oil prices.

**According to Statista.com the impact coronavirus outbreak has had on oil:**

Price per barrel of Brent crude oil, as of April 14, 2020 is 29.6USD

Forecasted demand for oil in Q2 2020 is 101.78million barrels per day.

Projected charge in global oil demand in Q2 2020 is -0.4%

The decline in oil demand has taken crude oil to multi year lows. Analysts from Singapore banks D&S said reduced oil demand from the virus outbreak and unexpected increase in supply are a “double whammy” for oil markets. “The spread of the virus in Italy and other parts of Europe is particularly worrying and will likely dampen demand in Organisation for Economic Co-operation and development (OECD) countries as well. The DBS Analysts wrote in their report.

**China, the epicentre of the Coronavirus Outbreak is the worlds largest crude oil importer. Hence, is greatly affected. Other economies whose economy is oil export driver e.g. Nigeria**.

 Africa’s resource and especially Nigeria’s import dependent economies have been slowed down as well. It has hit the demand for oil from one of their biggest buyers. It has prompted the International Monetary Fund (IMF) to down grade growth forecasts for Nigeria. Citing the fall in process and urging the Africa’s biggest crude oil producer to diversify its oil dependent economy. Oil still provides more than half of Nigerian government revenue and 94% of its foreign exchange. According to IMF. Oil prices have fallen about 13% this year on plunging Chinese demand. Harry Broadman Chairman of the emerging markets practice at Berkeley research group reported that as (China) a major purchaser of mineral resources from the continent (Africa). “The impact of China’s economic engine shifting downward due to the coronavirus could have a deep impact on quiet a number of African countries”.

Angola, which is the continents second biggest oil producer after Nigeria, with deep ties to Chinese market has reportedly already diversified some cargoes destined for the country because of lack of demand. Exports to China accounts for 23% of Angola’s GDP. According to the data compiled by Renaissance Capital. IMF said Nigerian Gross Domestic product growth this year moved from 2.5% to 2% to reflect the impact of lower international oil prices.

**Impacts of China as recorded on Statista.com**

Projected change in GDP growth in China during the pandemic Scenario is -2.4%

Economic sector most impacted by COVID-19 in China is RECREATION

Forecasted GDP growth rate in Q2 in China in worst Case Scenario is 5.6%.

**Impact on Italy**

Forecasted change in Italian GDP in Q1 2020 is -3%

Italian industries with the highest impacts from COVID-19 are Textile, Train and air Transports, Hostel, Restaurants, Shows and sporting events.

Forecasted revenues of Italian hotels in worst case scenario is -3.34% Euros*.*

**Like all Industries, the financial sector has been impacted**. International banks and wealth managers which have expanded aggressively into China in recent years have been ringfencing potentially exposed staff, putting in place travel bans, and disinfecting their Asia office- Stephen Morris.

Before the Chinese New Year holiday’s fidelity international a $584bn investment manager said, it was encouraging china-based staff to work from home and Allianz global investors, the 557bn investment arm of the German insurer, advised staff to refrain from travelling to affected areas.

Towards the end of February, stock prices plummeted due to concerned investors and price of Bitcoin dropped to three-weeks low, sinking below $8,700 and representing a drop of nearly $2,000 in two weeks (correct on 27 February) After, the week of 8th March was the volatile seen on wall street and in the United Kingdom markets since the financial crisis of 2008.

However as of now, a lot of banks are doing good to stabilize markets as well as the economic activities. Such as the Central Bank. have decided to intervene in various ways to provide the needed fiscal support. The European central banks said it “Stands ready” to respond to signs of slowdown. And Chinese officials approved 500billion yuan ($71billlion) in financing. to provide less expensive loans to smaller enterprise struggling to resume operations.

**THE INTERNATIONAL MONETARY FUND**

The IMF has also given its various reports of how Tragic the COVID-19 outbreak has been to the economy. The IMF top fund official gave account on Friday, April 5th, 2020. Of how the pandemic has created economic crisis like no other. One that’s “Way worse” than the 2008 global financial crisis. “Never in the history of the IMF have we witnessed the world economy come to a standstill”. – Kristalina Georgieva, managing director of the IMF said at a news conference. More than 90 countries have applied for assistance. The IMF has never seen such a growing demand for emergency financing. She added.

Georgieva said that developing economies have been hardest hit by the outbreak and often have fewer resource as to protect themselves from the economic fallout as the health systems are also weak. Nearly $90billion investments have flown out of emerging economies during the outbreak. More so, countries highly dependent on the commodities exports are hit yet again. The same way that the virus hits vulnerable people with medical preconditions hardest. The IMF reports hat the economies crisis hits vulnerable economies the hardest.

According to the IMF, measures of economic uncertainty such as equity market volatility, increased supply in countries around the world. Stocks markets in major Economies like The United States, Euro area, Japan all fell sharply. Which has increased uncertainty for a better future. Financial conditions have heightened significantly recently. And at such acts as a drag on the economy.

The future of the global economies now solidly depends on the effectiveness of the containment measures, And the development of therapeutics and vaccines all of which are hard to predict.

 In the April world economies outlook the IMF projects global growth in 2020 to fall to -3%. This is a downgrade of 6.3% from January 2020. This makes the great lockdown the worst recession since the great depression. An assumption is, if the pandemic in 2nd half of 2020 fades. And policy actions taken are effective enough in preventing widespread bankruptcies, extended job losses and system wide financial strains, then projection of global growth in 2021, to rebound to 5.8%. However, this recovery is only partial.

The cumulative loss to global GDP over 2020 and 2021 from the pandemic crisis could be around 9 trillion dollars greater than the economies of Japan and Germany combined. Also, the growth in Asia to stall at Zero percent in 2020. The worst performance in 60years. Asia’s key trading partners are expected to contract sharply, including the United States by 6.0% and Europe by 6.6%. With China’s growth declining from 6.1% in 2019 to a projected 1.2% this year.

China’s economy is beginning to get back to work little by little. Other economies are imposing tighter lockdowns and some are expecting a second wave of the virus infections. This is a crisis like no other. As there is no room for complacency. much depends on the spread of the virus and how coordinated and comprehensive policies responds are.

Working with epidemiologists has made them make macro- economic projections and never in history of the IMF have they had to do that. The virus is a big unknown, and not even sure if it may return in 2021. This global recession was unprecedented and has left governments racing to avoid a total meltdown.

As a matter of fact, countries hit hard by the virus and planning for a re-opening cannot as widespread testing is required, before reboot takes place. A premature re-opening would place significant strain on already hammered health care operations -Georgieva added in regards to Donald Trump revealing Government’s decision to re-open on 16th April 2020.

In any case, it is the duty of IMF to respond and do its best to assist countries in cases like this. Hence, since the outbreak they’ve worked in line with the World Bank and other International Financial institutions to alleviate economics fallout. From the outbreak which has infected over 1million people and killed over 55,000 people. Thus, it had pledged of $1trillion lending capacity to aid nations through the health crisis with IMF’s Rapid Credit facility and The Rapid financing instrument serving as a financial safety net, assisting countries with balance of payment problems.

Nevertheless, as much as spending is needed rampant aids needs to be kept in check for the future. Though IMF and other Financial institutions are helping to mitigate the economic fallout from bad to worse. They still hope for the best and are prepared for the worst.

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