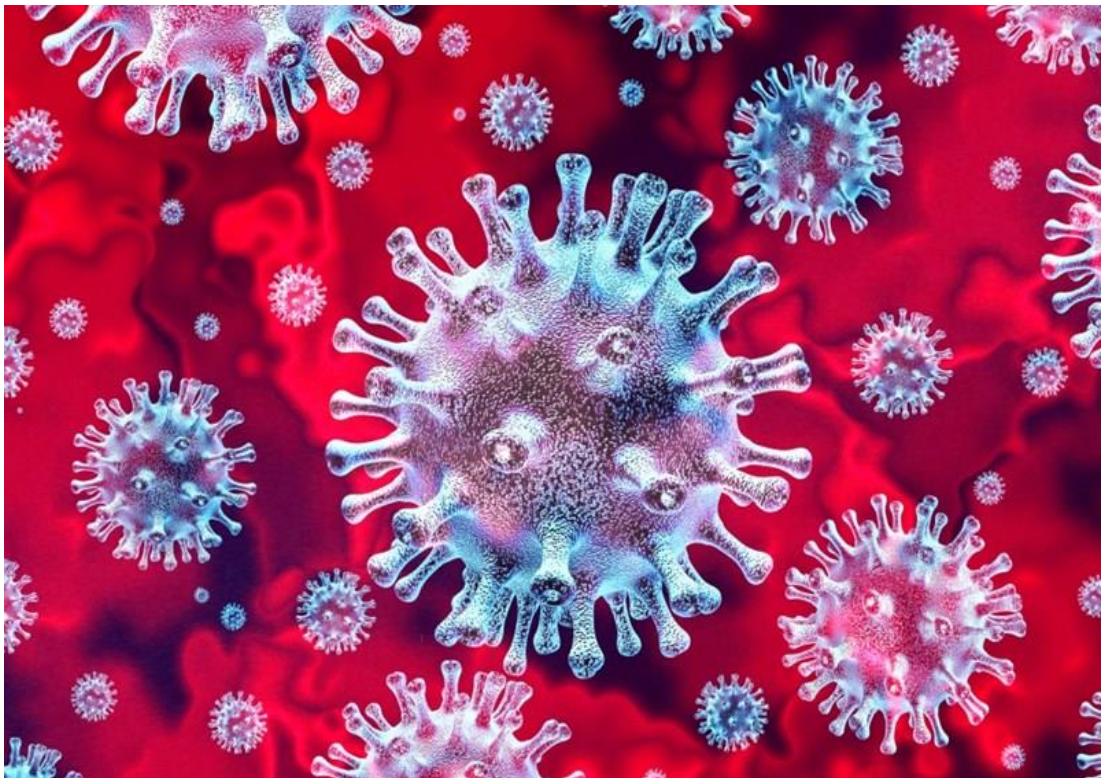




CORONAVIRUS AND GLOBAL ECONOMY

An overview of the impacts of Coronavirus on the global economy



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Abstract

The global economy is at the verge of total collapse due to the unabating coronavirus pandemic. The negative impacts of COVID-19 on the global economy is termed “Coronomics”. The impacts of COVID-19 is imposing a global transition to a “new normal” characterized by economic, health and humanitarian crisis. According to the United Nations’ report (2020 p.1), the best approach to mitigate the pandemic economic risks is through a coordinated and comprehensive multilateral response that will account for over 10% of global GDP.

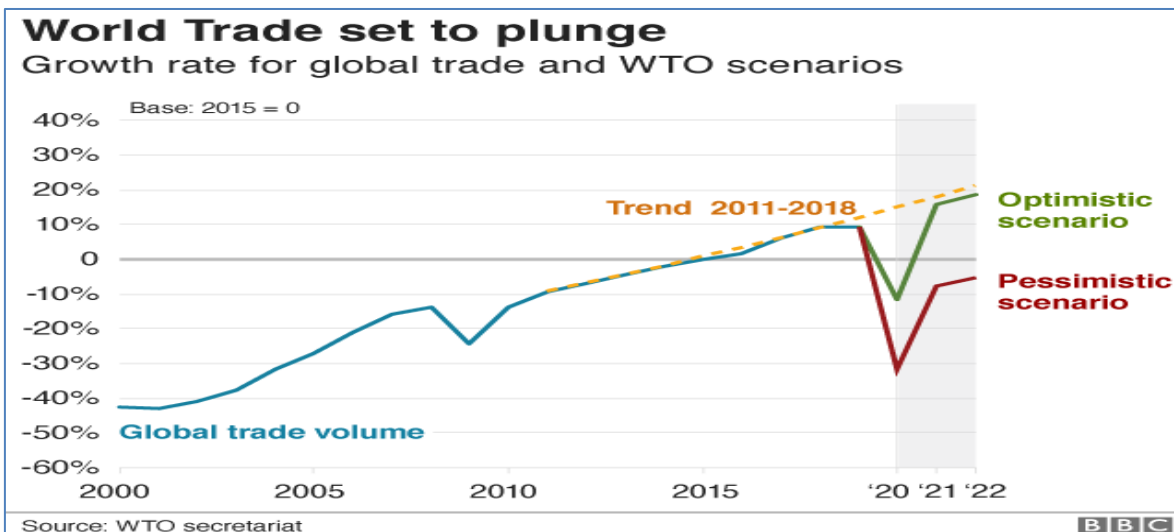
1. Introduction

Globally, mankind is experiencing an unprecedented era of financial crisis due to the on-going Coronavirus (COVID_19) pandemics with imminent risk of global economic meltdown. The economic consequences of COVID-19 and the associated financial (& social) havoc, is what is conceptualized as “Coronomics”. Prof. Ajith De Alwis, who invented the new concept “coronomics,” coined it from the combination of two terms “corona” & “economics” depicting the study on the implications of corona-virus on the economy (Fernando, 2020). The term “Coronomics” is a new **hybridism** circulating among economists and promoted by journalists (Krecké, 2020).

As humanity waits for the total defeat of the virus through the invention of the vaccine, it is pertinent to briefly review the impacts of “Coronomics” on the salient sectors of the economy, highlighting probably approach to mitigating the risks.

2. Coronomics and Global Trade

While the world is still adapting to the harsh realities of coronavirus pandemic, international trade, global supply chain and businesses are collapsing. According to the latest report from the World Trade Organization (2020), the unparalleled disruption to the world trade and global economy, due to COVID-19 pandemic, has scaled back production and consumption across the globe. Furthermore, the report predicted a 4.9 per cent shrink of the global economy



in 2020, if the lockdowns continue into the third quarter of the year. The widespread unemployment rate will accelerate the inevitable global recession.

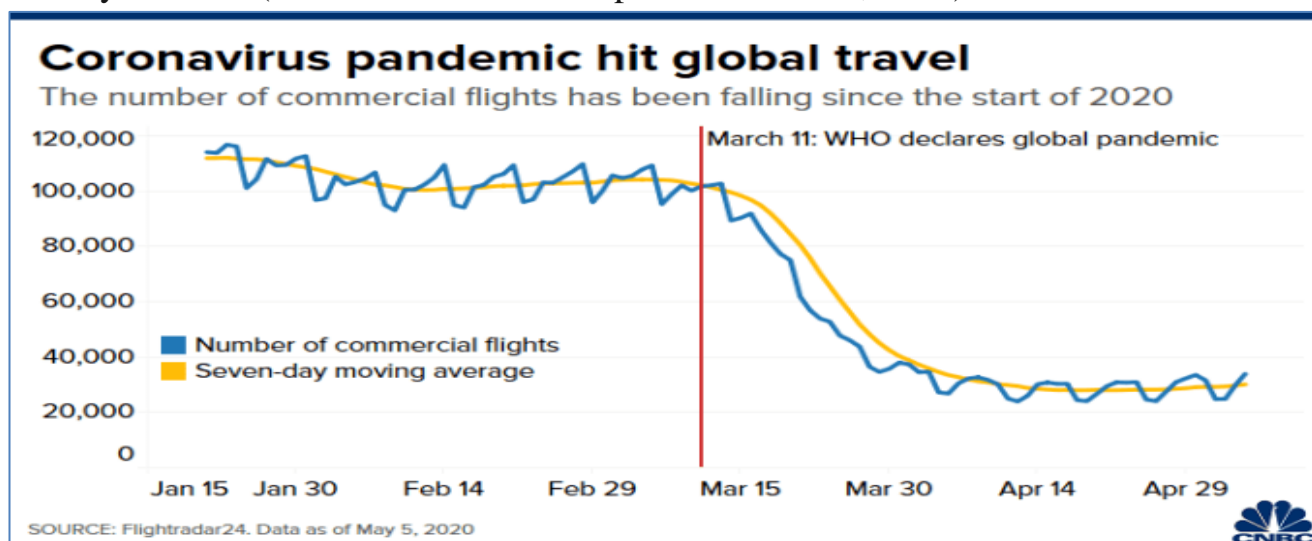
However, scientists are optimistic that the disruption in global trade has aided the reduction in carbon emission. Dr Randolph Bell, Director of the Global Energy Center, postulated that the global recession due to Covid-19 will possibly account for the drastic reduction of carbon emission in the year 2020 (Atlantic Council, 2020).

3. Coronomics and the Society: Socio-Economic Changes

The impacts of COVID-19 is imposing a global transition to a “new normal” characterized by compulsory face mask, social distancing, hand washing (or sanitizing), travel ban, health and humanitarian crisis among others. Culturally, humanity is evolving through an era of “togetherness from a distance” supported by virtual realities. If the lockdowns and travel restriction continue until the last quarter of 2020; the world will record yet another historical global “Social Isolation” in peacetime associated unabating recession, unemployment and poverty. According to Mr. Harris, the U.N. assistant secretary-general for economic development, he speculated that by 2030, given the current scenario, an additional 160 million people will be living in poverty globally (United Nations, 2020) Governments at various levels are trying to strike a balance between saving lives and saving jobs. Most developing countries are unable to inject sufficient fiscal stimulus to mitigate impending recession due to the sudden declines in foreign revenue inflow from tourism, exports, debt servicing and new loans.

4. The Impacts of Coronomics on the Travel, Tourism and Hospitality Sectors

The biggest casualties of the coronomics are the travel and tourism industries. According to the World Tourism Organization (2020), a total of 217 countries imposed travel restrictions. The travel ban resulted in a global revenue lost in the aviation sector estimated at \$314 billion in the year 2020 (International Air Transport Association, 2020).



Similarly, as a result of the near 100% worldwide border closure, the international tourism receipts for 2020 is estimated at USD 1,170 billion, this recorded a drastic decline in

Airline revenues set to decline

Bars show the estimated loss in passenger revenue in 2020 compared to 2019



SOURCE: International Air Transport Association (April 14, 2020)



projected revenue when compared to a whopping USD 1.5 trillion generated in 2019 (International Civil Aviation Organization, 2020).

By extension, the hospitality and leisure sector is experiencing a devastating operational halt due to the border closure. This is evident, considering that over 90% of the industry's clientele are business travellers and tourists, who are currently restricted from travelling. Unfortunately, the only available option to mitigate this economic hardship is downsizing operation(s) until the travel ban is lifted. Owing to global health risks, the travel restriction may not be relaxed until the vaccine for coronavirus is discovered and approved.

5. The role of Coronomics in the current Global Health Crisis

Across the globe, health and medical facilities are overwhelmed by the surging cases of Coronavirus patients. Globally, as of 29 June 2020 (1:57 CEST), there have been 10,764,056 confirmed cases of COVID-19, including 518,087 deaths (World Health Organization, 2020). The COVID-19 crisis is highlighting the overburdened public health systems and the financial challenges in retaining well-trained and motivated health workers. Appropriate public funding is required to ensure a wide-ranging response to the current health crisis. According to Barry (2020), developing countries are pitched to reprioritize their limited public spending on the health sector at the detriment of strengthening other facets of the economy. As a solution to bridge the budgetary deficiencies, the private sector is stepping in to fill the financial gap via voluntary donation. In Ghana, a total of ₵ 17.74 million has been raised, as of 18 June 2020, through private sector donations (Ghana Covid-19: Private Sector Fund, 2020).

6. Coronomics and Education

The educational system adopted near-total schools closures in response to the globally acceptable measures to curb the spread of the virus at the early stage. The schooling disruption cuts across all the levels of education from the day-care, nursery, primary to high schools and tertiary institutions. Reference to UNICEF report, as of 7 June 2020, 134 countries currently has implemented a nationwide schools closures impacting about approximately 1.725 billion learners accounting for 98.5 per cent of the world's student population.

However, the school closure across the globe has popularized digital (online) learning and homeschooling. According to Prof. LeBlanc (2020), COVID-19 has thrust the educational institutions, especially universities, into unplanned and unwanted online learning. In recent times, aside from educational institutions, corporate organizations are expanding their virtual footprints, more especially with the “Work from Home” policy.

7. Conclusion

Given the unabating “coronomic” havoc, the world may never be the same again. The world is sliding into recession and the third world countries, especially women and children, are the worst-hit. The world’s major concern is to mitigate the harsh economic risks and navigate humanity through this uncommon global situation.

Many scholars and indeed, knowledge institutions and sovereign states have propounded possible ameliorating solutions. The World Health Organization is driving the global opinion on managing the COVID-19 pandemic until an effective vaccine is approved. Among the top recommendations of the World Health Organization includes the sustained global travel restrictions, social & physical distancing and regular use of face mask (or face cover) in public places. Also, the WHO is continually stressing the need for strict adherence to the suggested precautionary measures such as regular hand washing or sanitizing.

Irrespective of the WHO campaign against clinically untested herbal remedies for COVID-19, most African States are promoting and sponsoring the mass production of local herbal tonic for the treatment of coronavirus patients. Notably, the President of Madagascar, **Mr Andry Rajoelina**, launched a state-sponsored herbal remedy tagged “**COVID-Organics**” in April 2020. Notwithstanding the outcry from medical experts and drug regulatory agencies, the “COVID-Organics” is gaining popularity several African countries including Nigeria, Guinea-Bissau, Equatorial Guinea and Liberia, have already ordered COVID-Organics.

Notably, the latest United Nations report (2020) recommended that any feasible solution must be a coordinated and comprehensive multilateral response accounting for over 10% of global GDP. In support, the ongoing coronavirus pandemic is a global crisis that requires an all-inclusive response approach – until the last trace of the virus is eliminated, the world is still at risk.

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