

# COVID-19: IMPACT ON GLOBAL ECONOMY, STEPS TAKEN AND WAY FORWARD

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## ABSTRACT

*Since the mass outbreak of the novel coronavirus disease (COVID-19), countries and world economies have been brought to their knees. Developed and developing economies, multinationals, conglomerates, index funds, global stock markets have recorded unprecedented losses over the course of the pandemic period. This has led to a slowdown in economic growth and some fear that if it persists and is not contained effectively, the world could be looking at a global recession. This paper hopes to look into the impact of the novel COVID-19 virus on the global economy, its effects, what steps are being taken and future prospects.*

**Keywords:** Covid-19; Economy; Future; Nature; Sustainable Climate.

## INTRODUCTION

In December 2019, Chinese local news reported on a disease outbreak in a town called Wuhan, Hubei, China. A month after, the government began preparatory measures in order to contain the outbreak from spreading to other regions in the country. The Chinese government responded quickly by initiating various measures like lockdown of the Wuhan state, restrict public movement, street fumigation, travel restrictions, a ban on public gatherings, testing of Citizens for symptoms of virus, amongst others all in an attempt to cut off all possible routes of transmission (Myllyvirta, 2020). The measures kept in place by the Chinese government helped in combating the spread of the virus. The Wuhan COVID-19 hospital was built in a matter of days. As of writing this paper, china had over Eighty thousand confirmed cases of COVID-19 and over Three thousand deaths. This figure would have been more hadn't been for the Swift response of the Chinese government. While china was battling the pandemic internally, other nations had no idea that the virus was slowly making its way into their countries. Citizens and commuters commuting to their various destinations, unaware that death was walking in their mists. Not until the first COVID-19 death was recorded in Italy, at the very center of the EU. As of writing this paper global infected cases stood at over, 35 million, and global mortality figure stood at over One Million, with the US recording over 200,000 COVID-19 deaths, Brazil with over 146,000 deaths and the India at over 103,000 COVID-19 deaths. Making all three countries record the highest number of COVID-19 deaths globally. As of writing this paper, the EU and the Americas are considered the hot-zone of the pandemic (TBB, 2020). With China's confirmed cases reducing, the EU and Americas cases rising sharply and Africa's' still in its early stages, the impact of COVID-19 has led to an almost

complete shutdown of world economies, as trade, movements and global activities have reduced to its lowest in decades as the virus had spread to more than 140 countries in all continents.

The global arena is paying attention to the events at play in China with concerns, which saw an increase in registered patients with the novel Coronavirus (Jacobsen, 2020). This has led to the virus being coined (COVID-19). The outbreak of a novel disease is always going to be a complex situation, mostly if it's a severe epidemic. The total number of confirmed cases in Wuhan and Hubei territories increased rapidly and saw a spread in limited numbers and with little transmission channels throughout China. On January multiple confirmed cases were recorded in over 24 countries (Kappelle, 2020). The WHO, on January 30, 2020 declared publicly that the epidemic was a public health emergency of international concern. One great feature of the novel virus is its ability to spread (Selvey, 2015). In 1918, the pandemic formally known as the Spanish influenza that spread from Europe to North America to Australia to South America, took several months to spread during this period as ship related mobility took time (Schiermeier, 2020). Thanks to improvement in technology over the year air travel has allowed passengers and commuters to traverse the nation's of the earth very easily and sometimes under twenty four hours. This has allowed the deadly viruse to spread rapidly across the globe, and efforts at airport screening to put a stop or slow them down has been fairly costly and ineffective (Habboush, 2020). The moment the pathogen lands in a new country or environment, the chances of it spreading is entirely dependent on local transmission pathways and the strength of local health protection systems (Tirimba, 2014). The European Centre for Prevention and Control made an assessment of the risks imposed for people moving within the European Union as very high, most especially people from the United Kingdom, France, Germany, Italy, and Spain (Gherghel & Bulai, 2020).

## **ACTIONS TAKEN BY NATIONS**

Nations have inputted Trillions of dollars in financial stimulus and aids in fighting the impact of the global Covid-19 outbreak over recent weeks. With Financial regulators claiming this is only the beginning, as nations of the world have pumped in over \$ 7.5 trillion dollars to fight the impact of the pandemic on their various economies.

### **Germany**

Known for being the largest of all EU economies, recently approved a Covid-19 stimulus package that would be worth well over \$ 814 billion, which would mark the first time Germany would be adding to its debt portfolio since the year 2013 (Pullano et al., 2020). The financial stimulus, which was approved includes amongst which, a € 600 billion to be used for loans for businesses and to acquire stakes directly in strategic German Organizations due to National security, and a € 156 billion in national debt to be used to finance higher social spending, With the minister of Finance Olaf Scholz stating that "the German economy will require more financial aid even after the Covid-19 virus was defeated".

### **France**

The French government passed a €45 billion stimulus package for companies, citizens and workers, stating that there would be additional economic support (Specter, 2020). France finance minister Bruno Le Maire in a statement asserted that "the French national debt profile will surely exceed 100% of its GDP later in 2020", this is well above the EU's regulation of

60%. He pointed out that fight against the novel Covid-19 outbreak was a "financial and economic war."

### **The EU**

The EU Commission decided to suspend deficit and debt requirements for all its members, allowing for less economically-stable member nations, like Greece and Italy, more time fighting the economic effects of the pandemic (Ibidunni et al., 2019). The (ECB) announced a "Pandemic Emergency Purchase Program," a scheme created solely for the purpose of buying bonds worth well over € 750 billion in an attempt to provide EU member nations with more liquidity. The ECB stated it could purchase in excess of € 750 billion in private sector and government bonds and also commercial paper. The ECB asserted that its buy-out scheme would be directly focused at ensuring that borrowing costs are down in order to support the outlook for all EU economies and ensure the bank's low benchmark rates keep getting through to consumers and businesses.

### **The United States**

Lawmakers in the US have decided on a \$ 2 trillion stimulus package to try to prevent the teetering US economy from collapsing into recession. The bill offers grants to small enterprises, substantial loans to big companies such as airlines, and enhanced employee unemployment insurance. It comes with \$ 130 billion allocated to what Senate Democrat Chuck Schumer called "a Marshall Plan for hospitals" And health organizations, similar to the US aid Programme, which restored Europe after World War II.

### **Japan**

Japan launched a record stimulus package of (\$ 992 billion) 108.2 trillion yen to protect the nation's economy from the spreading of the COVID-19, as stated by Prime Minister Shinzo Abe. Some analysts see this quarter's economy declining with exports by almost 20%, with export markets frozen, the postponement of the summer Olympics and the main cities of the world now facing the possibility of prolonged orders on stays at home (Market watch update, 2020).

### **Rest of the Major Countries**

On the 15<sup>th</sup> of March, Canada's central banks, Switzerland, Japan, the United Kingdom, as well as the ECB all decided to lower U.S. dollar liquidity swap rates (Arabian Business, 2020). They are a kind of foreign currency swap that lets countries central banks ensure that dollars are available to citizens and companies who choose to borrow in dollars, as opposed to local currencies. By reducing the price of such swaps, it makes borrowing money in dollars outside the U.S. simpler and cheaper.

On the 3<sup>rd</sup> of March, the World Bank unveiled an unprecedented \$12 billion loan program to aid nation across the globe deal with the impacts of the pandemic. Funds of \$ 8 billion are to serve as new loans and \$ 4 billion is diverted from existing lines of credit.

The IMF made available in excess of \$ 50 billion worth of loans in order to deal with the effects of the pandemic on the 4 of March, with \$10 billion in zero-interest loans to the IMF poorest member nations. On the 16<sup>th</sup> of March, it was concluded by the IMF, that "they were in full gear and prepared to mobilize their \$ 1 trillion lending potential to support their members."

In the same announcement, the IMF revealed it had \$ 200 billion in existing lines of credit, some if not all of which can be exhausted during the crisis, and that they “had received interest from over 20 countries and thus will follow them up in the coming days.” It also noted that it plans to increase its debt relief fund to over \$ 1 billion from its current \$ 400 million point. On the 3rd of April, the managing director of the IMF announced a new credit system Line maintaining a sufficient amount of US dollars in the global economy (Table 1) (WTO, 2020).

<b>TABLE 1</b>	
<b>LIST OF COUNTRIES STIMULUS PACKAGE</b>	
<b>Country</b>	<b>Stimulus Package \$ (billions)</b>
Australia	\$144
Brazil	\$30
Canada	\$75
China	\$183
Egypt	\$6
France	\$49
Hong Kong	\$18
India	\$22
Indonesia	\$8
Italy	\$28
Japan	\$992
Nigeria	\$3
Norway	\$13
Russia	\$4
Saudi Arabia	\$32
Singapore	\$34
Sweden	\$32
UAE	\$70
UK	\$430
USA	\$2,000

Top economist predict that these trillions of dollars in stimulus packages will only damp what is still likely to be a wrenching contraction due to the impact of the pandemic. The global state of emergency all aimed at containing the pandemic could cost the economies around the world billions of dollars per month in lost output, with reports of multiple airlines and Multinational conglomerates such as Latam airlines, Avianca holdings, JC Penney, Hertz holdings and over 200 companies all filling for chapter 11 (bankruptcy) as the months pass by, That's not to ignore a fact that these stimulus packages are in form of loans to most countries, as it would only pile up government debt for years to come. Developing countries with known cases of corruption would likely use this as an opportunity to embezzle more funds.

## MOVING FORWARD

Leaders from the UN, activists, and scientists are calling for an immediate public dialogue so recovery can concentrate on green jobs and renewable energy, building sustainability, natural resources and strengthening global economies. "This is the great political war," said CEO of the European Climate Foundation and a Paris agreement architect Laurence Tubiana. Top experts have in one Accord put to pen an open petition for government officials to use the recovery stimulus, instead of returning to business as usual but to step in a greener direction (Alpert, 2020). It is said that 75% of emerging infectious diseases emerge from most animals according to data from the United Nations Environment Program. Compared to the past, they move deforestation and wildlife trafficking and faster to humans and then spreading to all over the world through cruise-ship tourism and air travel. China, the world's largest wildlife market- seems to have acknowledged this by banning live wildlife consumption and farming. Calls and protests on worldwide ban on "wet markets" are rising (WHO, 2020).

With countries of the world recalling retired medical practitioners and granting early graduations to concluding medical students in order to battle the epidemic (Ogunnaiké et al., 2018). Medical experts around the world risking their lives day and night battling the common enemy. Corporations, billionaires, celebrities, religious Bodies and ordinary citizens of diverse race, group, and class, religious bodies all contributing time, effort and resources for the survival of humanity. Meaning we aren't all different after all. Shame it had to be a pandemic that had to bring us all together. The lockdowns introduced worldwide to prevent the spread of the novel coronavirus have caused an economic slowdown, but it also tends to have an upside-down effect as there has been healthier air across metropolitan areas typically plagued by heavy pollution. Scientists are now trying to examine why in some cases the impact is more pronounced than in others. But they warn that the decline cannot last long if the post-crisis global economy ramps up. It's a preview for many experts of what the future without fossil fuels would look like (Ibidunni et al., 2018). Yet hopes that humanity will be able to emerge from this nightmare into a safer, cleaner planet will rely not on the virus' short-term effects, but on the long-term political policies that will follow. Significant environmental metrics which has been being on the negative side of the curve for over half a century, has either paused or improved in the past few months. Emissions in China, the world's largest carbon source, dropped by around 18 per cent between February and March respectfully- a 250 million tons reduction. Europe also is predicted to experience a decline of about 390 m tons. Major declines can also be anticipated in the United States, where passenger and commercial vehicle traffic which are key sources of CO<sub>2</sub> in the US has experience emissions reduction by almost 40%.

The pandemic has also demonstrated that emissions diminishes our susceptibility to diseases. According to scientists at Harvard University, our lungs get weakened the more we get exposed to traffic emissions which would mean an increased chance of dying from Covid-19 (Reuters, 2020). As UN environmental chief Inger Andersen stated, "nature constantly sends

us a reminder that whenever we abuse and cause harm to the earth, we are putting our own health at risk.

## CONCLUSIONS

The loss of life can't and would never be considered as positives, but the covid19 pandemic has made countries to tighten their grip on the healthcare programs for their citizens. Debates on Healthcare policies would most likely be a major point of discussion in coming elections around the world. It's also worth knowing that Individuals have become cleaner and germ free as a result of the pandemic. The need for citizens to constantly maintain good hygiene and eating nutritional foods have increased dramatically. Likewise, the lockdown of almost half of the world's population has led to a reduction in carbon emissions. The global lockdown which was a result of the pandemic has also given rise to some amazing wonder in the ecosystem and the animal kingdom with people in some specific parts of the world sighting dolphins, whales, civets and other animals all enjoying their undisturbed moments in the sun as thousands of *Olive Ridley* sea turtles in India, multiple sightings of marine creatures in Venice and the Hawksbill Sea Turtles in Brazil have been returning to nest on beaches and seas emptied as a result of the global lockdown (Carrington, 2020). On the positive side people got opportunities to spend quality time with their families and loved one. The pandemic outbreak can also be seen as another reminder of the need to sustain and intensify commitment to global public health preparedness (Jacobsen, 2020). The need to fully implement the International Health Regulations (IHR) in countries of all income levels cannot be over emphasized. The world doesn't need more convincing evidence of the social, health, environmental, economic, and other global issues that develop over time when we inevitably fail to adequately invest in global health security (Segal & Gerstel, 2020). Likewise, it is uncertain to predict when or where the next global pandemic will breakout from or when it will be. Growing evidence have begun to suggest that epidemic diseases or outbreaks may become a frequent phenomenon if a solution isn't discovered to the issue of climate change (Myllyvirta, 2020). In recent weeks the US, UK and other European countries are planning a second stimulus package that's supposed to use to keep their respective Economies afloat. With the EU recently approving an unprecedented € 500 billion Euros green stimulus package to be invested directly into things such as sustainable agriculture, electric vehicles and renewable energy, in order to attain the EU's goal of becoming completely climate neutral by the year 2050. One can't deny that tech companies such as zoom, Amazon, Netflix etc have profited tremendously due to the lockdown, as their platform had enabled people and organizations to move their affairs online, and have brought entertainment and satisfaction to customers who enjoy streaming services and online purchases. These few months has definitely influenced the way we conceive the concept called change. If this global pandemic is positive or negative for the world largely depends not on the virus itself but on humanity as a whole (). If there are no political pressure on governments around the world, then the world would return as usual to unsustainable businesses instead of emerging with a better sense of what is supposed to be acceptable and normal.

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