

THE GLOBAL ECONOMY AND INTERNATIONAL ECONOMIC RELATIONS

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IMPACT OF COVID-19 ON THE ECONOMY AND SOCIETY

There is a theory that every 100 years a pandemic erupts on the planet. You can say that this is a coincidence, but the chronology is alarming. In 1720 it was a plague, in 1820 it was cholera, and in 1918 it was Spanish flu. Many researchers say that the current coronavirus epidemic is reminiscent of the events of previous centuries. The outbreak of the COVID-19 epidemic has become, without exaggeration, another challenge for humanity of a global nature.

Ukraine, like the whole world, is facing a turbulent period in economic development. The COVID-19 coronavirus epidemic was a kind of «amplifier» of the negative trends that shook the world markets in early March. Suppose that even if Ukraine were ready for the next round of the global financial crisis, the weakness of the domestic economy would still make itself known. All known «diseases» of the Ukrainian economy can already be called chronic, and they have not disappeared for more than 20 years now.

And if we add to this a few negative factors – the Donbas war, a change of government and uncertainty with the implementation of further economic reforms – we have reason to believe that the Ukrainian economy can expect another large-scale collapse.

The threat of a new epidemic loomed above the world – the coronavirus, which began its movement in China, seized more and more states, taking away the lives of their inhabitants. During 01/04/2020 the number of patients increased by about 75 thousand.

Which is one of the biggest indicators since the start of the pandemic. In the course of a day, about 4,5 thousand people died on the planet of COVID-19, which is the world record of daily mortality from coronavirus [1].

Outbreaks have always plagued humanity. The data presented indicate that, despite all our tremendous successes in various fields, epidemics are a real global problem, because in a rapidly globalizing world, economic, medical and other problems of individual countries and regions can quickly emerge. problems of the world community.

According to World Bank experts, pandemics today can be a real shock to the world economy: a serious pandemic can cause economic losses at almost 5% of world GDP, or more than \$ 3 trillion, while losses from a «weak» influenza pandemic (such as the H1N1 virus in 2009) can cost about 0,5% of world GDP [6].

By the way, for the sake of completeness, epidemics affecting animals and plants should be mentioned. According to the experience of previous epidemics, the countries with the most epidemic outbreaks suffer the greatest economic losses, but the losses have a very clear sectoral link. Therefore, the combined economic impact of these two types of epidemics is quite tangible globally.

The fact that the Ukrainian economy will slow down the growth rate is an obvious fact. The world economic growth rates will decline substantially, and with them, of course, will slow down its growth and the GDP of Ukraine [2].

However, economists have warned of slowing global GDP growth even before the start of the pandemic coronavirus. But for Ukraine, the forecasts were even better than the world. Thus, the World Bank improved its forecast for Ukraine's GDP growth in 2019 from 2,7% to 3,6%. Other factual figures and forecasts are worth noting. In 2019, GDP growth slowed slightly compared to 2018 – from 3,4% to 3,3%.

At the beginning of the current year, the National Bank pointed out the gradual growth of the domestic economy to 3,5% in 2020 and 4% in 2021–2022 [7].

However, it was March that the Ministry of Economic Development, Trade and Agriculture recorded a slowdown in GDP

growth for the first time since 2016. Probably not the best results will be in April and May. However, it is during these months that the state receives taxes for the first quarter of the current year and it is possible to predict the prospects for further economic development, given these indicators.

In addition to slowing GDP growth, a standard set of crisis-specific periods is expected in Ukraine: a fall in industrial output, a devaluation of the hryvnia due to exporters' lack of foreign exchange earnings, and an increase in government debt.

The outbreak of the coronavirus epidemic has affected the economy of China, and with it a chain reaction will affect the whole world. It is primarily about the trade and production of goods and components manufactured in the PRC. The world's second-largest economy has hit a major blow, which means that an explosive wave will affect everyone without exception [4].

In Ukraine, a slowdown in the global economy can lead to a decline in business activity, which will automatically mean rising unemployment. Moreover, the «outlet» in the form of foreign currency transfers from employees may not work this year. Production downturns and contractions will accompany the entire EU economy.

Among the long-term effects of the impact of the crisis on the Ukrainian economy at the National Bank are called a reduction in exports and a decrease in the attractiveness of government debt securities. In addition, the situation will worsen with debt. And in combination, all these factors will accurately affect the depreciation of the hryvnia. No one can predict the exact depth of the devaluation of the national currency, but the National Bank has spent about \$ 1 billion of accumulated reserves over the last week to keep the hryvnia from falling sharply, although the domestic currency has devalued by 1,9 hryvnias for one week [9].

Obviously, further devaluation will lead to higher prices. However, with at least a 5-week nationwide quarantine, other risks should be addressed.

First and foremost is the loss of small and medium-sized businesses. The tourism industry, services, transportation will suffer.

In addition, the government has already recorded about 20% of the planned proceeds from customs in the last two months. Reduced earnings from workers. Perhaps a wave of contractions in the real sector of the economy is expected in April and May [3].

The government is trying to at least slow down the negative effects caused by quarantine and forced economic slowdown. Thus, at an extraordinary session of Parliament, a number of decisions were made to ease the tax burden on businesses. The Verkhovna Rada exempted all entrepreneurs from the ESU for 2 months from payment, temporarily abolished penalties for late payment of the ERU, introduced a temporary moratorium on business checks until July 1, postponed payment of land and real estate tax until the end of May forced ordinary businesses are exempted from paying PIT.

In addition, the Verkhovna Rada provided for exemption from penalties for late payment on consumer loans from March 1 to April 30 this year. All these measures should somewhat alleviate the burden on the business, however, will significantly affect the overall decline in business activity and do not offset a significant loss of profit. This means that in the coming months, Ukrainians will have to tighten their belts significantly.

The quarantine measures due to the coronavirus epidemic will affect not only business owners, but also all citizens of Ukraine without exception. First of all, changes will occur in the work schedule and the way to make money. Many Ukrainians will try themselves as «freelancers» or simply work from home [5].

It is also interesting that the current situation exposes a number of problems with logistics and communication. Thus, to the mayors of large cities, their residents may ask the question of underdeveloped cycling infrastructure, which could significantly facilitate urban travel while at the same time not carry great risks for the spread of the disease [1].

Obviously, while the authorities have little to say about a clear plan for dealing with the crisis in the internal financial sector. First of all, it is about state support for business entities that can go bankrupt.

One way or another, quarantine and the financial crisis will be for many Ukrainians one more proof that seeking a better fortune abroad or hoping for big wages carries with it such the same risks as solving a number of problematic issues at home. That is why the new crisis and coronavirus can become a reference point as more and more Ukrainians focus on ordering things at home [8].

So, it is almost impossible to predict the end of a coronavirus pandemic. The sooner scientists can invent the vaccine, the less global damage will be, but it is not so easy to do. In addition, the virus is spread throughout the world. The number of cases in the world has already exceeded 100 thousand, and according to analysts – the peak will fall in mid-March. Therefore, it is unknown how severe the financial consequences of the disease will be.

The best thing to do now is not to panic by buying essentials and tossing national currency into buying dollars. Because, at the moment, panic remains far more dangerous than the coronavirus itself.

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