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**The effects of the Corona virus (Covid-19) crisis on the global economy - the most important repercussions of the virus on various economic sectors**

آثار أزمة فيروس كورونا (كوفيد-19) على الاقتصاد العالمي- أهم تداعيات الفيروس على مختلف القطاعات الاقتصادية

**Sebaa Fatma Zahra<sup>1</sup>**

<sup>1</sup> Doctor , Center for Research in Islamic Sciences and Civilization, / economic sciences Lab / Laghouat, Algeria , Functional Email address: [f.sebaa@crsic.dz](mailto:f.sebaa@crsic.dz)

سبع فاطمة الزهراء

مركز البحث في العلوم الإسلامية والحضارة بالأغواط – الجزائر، مخبر العلوم الاقتصادية، الإيميل الوظيفي:

[f.sebaa@crsic.dz](mailto:f.sebaa@crsic.dz)

**Slimane Nacer<sup>2</sup>**

<sup>2</sup>Doctor Professor, Kasdi Merbah university-Ouargla / economics sciences lab, Functional Email address: [nacer.slimane@univ-ouargla.dz](mailto:nacer.slimane@univ-ouargla.dz)

سليمان ناصر

أستاذ دكتور، جامعة قاصدي مرباح ورقلة، مخبر العلوم الاقتصادية، الإيميل الوظيفي:

[nacer.slimane@univ-ouargla.dz](mailto:nacer.slimane@univ-ouargla.dz)

Correspondingauthor: Fullname, e-mail: [sebaafatima01@gmail.com](mailto:sebaafatima01@gmail.com)

**Abstract:**

In this study, we tried to address the impact of the Coronavirus (Covid-19) outbreak on the global economic sector. As we touched on the concept of Coronavirus (Covid-19) and the global spread of this virus, we also tried to address the reflection of globalization in the rapid spread of this virus, and in the end we touched upon the impact and repercussions of the Corona virus on the global economy in various sectors.

**Key words:** Corona, Covid-19, global economy, globalization, economic sectors.

**المخلص**

حاولنا في هذه الدراسة التطرق لأثر تفشي فيروس كورونا (كوفيد - 19) على القطاع الاقتصادي العالمي: حيث تطرقنا لمفهوم فيروس كورونا (كوفيد-19) والانتشار العالمي لهذا الفيروس، كما حاولنا التطرق لانعكاس العولمة في الانتشار السريع لهذا الفيروس، وفي الأخير تطرقنا لأثر وتداعيات فيروس كورونا على الاقتصاد العالمي في مختلف القطاعات.

الكلمات المفتاحية: كورونا، كوفيد-19، الاقتصاد العالمي، العولمة، القطاعات الاقتصادية.

**1. INTRODUCTION**

The current crisis or what is known as the Corona crisis, which is facing various countries of the world, is an unprecedented crisis in terms of the level of composition and complexity that it contained, as well as the size of its negative repercussions on the economic, financial and social conditions, which are the worst compared to previous global crises, foremost of which is the global financial crisis. 2008, as it led to a decline in economic activity and the global economy entering a recession due to the negative repercussions of the crisis. The overall supply and overall demand levels declined to a new equilibrium point.

In light of this crisis, business organizations are facing many challenges in maintaining their revenues and enhancing their competitive positions by gaining competitive advantages and preserving them

for the longest possible period and sustainability. Therefore, the search for new methods of adapting to the circumstance has become imperative for survival and the continuation of investing in many methods by which these organizations can overcome the crisis and maintain their competitive advantage.

The crisis has also affected many economic sectors, especially tourism, transportation, industry, trade and construction. It is expected that with this it will be accompanied by increases in unemployment and poverty rates, and perhaps a shrinking of the size of the middle class due to the decline and deterioration of public financial conditions and the balance of payments, and thus the decline in living standards for individuals and a decrease in the share of Per capita gross domestic product, as a result of the countries' need to take many measures

to prevent the spread of the virus, such as closing borders, suspending flights, imposing curfews, prohibiting activities and events and public gatherings, disrupting schools and universities and sometimes public and private institutions, disrupting productive movement in various economic sectors and limiting them to sectors. Industrial productivity related to the production of medical and health materials and basic foodstuffs, at a minimum.

**The research problem:** In this study, we try to answer the following problem: “**What are the most important repercussions of the Corona virus (Covid-19) on the global economy? And what are the most important features of the economy after the Corona crisis?**”

**Study Objectives:** The study objectives are represented in the following points:

- Knowing the repercussions of the Corona virus at the macro level;
- Determining the most important implications of the Corona crisis;
- Identifying the most important economic sectors affected by the emerging corona crisis.

**The importance of the study:** The importance of the study is through the rapid developments that the world is witnessing with the outbreak of the Corona virus, and through its negative repercussions on the economic sector in general, as this crisis affected all countries without exception, as it became a global crisis whose effects exceeded the global financial crisis of 2008.

**Study methodology:** In this study, we used a descriptive approach to describe the phenomenon, which is the Coronavirus (Covid-19) and the most important changes

that the economy witnessed through the interconnectedness of the countries of the world due to globalization, and we also used the analytical approach to analyze the implications of the Corona crisis on the global economic reality.

## 2. What is covid-19

A new coronavirus disease, now known as Covid -19, was first identified in Wuhan, people’s Republic of China (PRC), in early January 2020, from the information known at this point, several facts are pertinent, first, it belongs to the same family of coronavirus that caused the severe Acute respiratory syndrome (SARS) outbreak in 2003 and the middle east respiratory syndrome (MERS) outbreak in 2012. Second, the mortality rate ( number of deaths relative to number of cases), which is as yet imprecisely estimated, is probably in the range of 1%-3.4% - significantly lower than 10% for SARS and 34% for MERS, but substantially higher than the mortality rate for seasonal flu, which is less than 0.1%. third, even though it emerged from animal hosts, it now spreads through human – to- human contact. The infection rate of covid-19 appears to be higher than that for seasonal flu and MERS, with the range of possible estimates encompassing the infection rates of SARS and MERS, with the range of possible estimates encompassing the infection rates of SARS and Ebola.<sup>1</sup>

**Table 1 fatality rates and infection rates of COVID-19 and other Epidemics**

	Fatality rate (death/cases)	Infection rate (per infected person)

Ebola	50%	1.5-2.5
MERS	34.30%	0.42-0.92
SARS	10%	3
COVID-19	1%-3.4%	1.5-3.5
Seasonal flu	0.05%	1.3

**Source :** Abdul Abiad, Mia Arao, Suzette Dagil, Benno Ferrarini, Ilan Noy , Patrick Osewe, Jesson Pagaduan, Donghyun Park, and Reizle Platitas, The Economic Impact Of The COVID-19 Outbreak On Developing Asia, ADB BRIEFS, NO.128, 6 March 2020,p1.

## 2.1 Defining the Corona epidemic

Corona viruses: It is a large family of viruses that may cause disease in animals and humans, and it is known that a number of corona viruses cause respiratory infections in humans, whose severity ranges from common colds to more severe diseases such as Middle East syndrome and severe acute respiratory syndrome (SARS).<sup>2</sup>

It is believed that the origin of the Corona virus is natural, and most specifically bats, as the disease causes an impact on the respiratory system, shortness of breath and fatigue, and its severity varies from person to person, as it increases with chronic diseases and the elderly, especially those with lower immunity, and the severity of people who suffer problems increases. Medical, cold, nasal congestion, diarrhea and throat pain are the most prominent symptoms, but they vary between people, and matters may develop into respiratory problems and respiratory infections that lead to the life of the infected person<sup>3</sup>.

The discovered Corona virus causes Covid 19 disease, as it is a large family of viruses that may cause disease in animals and humans. It is known that a number of Coronaviruses may cause human respiratory infections that range from common cold to more severe diseases such as Middle East

respiratory syndrome and severe acute respiratory syndrome (SARS ...)<sup>4</sup>

## 3. The global spread of the Coronavirus:

The question at the present time is: How far will the repercussions of the new global coronavirus covid19 be? The answer to this question requires accurate forecasting of the prevalence of confirmed cases as well as an analysis of the number of deaths and recoveries. But forecasting requires ample historical data at the same time, there is no sure prediction, because the future rarely repeats itself in the same way it did in the past. Moreover, the forecast is affected by the reliability of the data, vested interests and the variables that are foreseen. Psychological factors also play an important role in how people perceive the danger of the epidemic and their reaction to it and fear of its effect on them personally<sup>5</sup>.

The uncertainty surrounding the new coronavirus known as COVID-19 could spark a global disaster and danger, says Nach C Mediaite, a professor at Harvard University D that 40-70 percent of the world's population may be infected in the future with the coronavirus.<sup>6</sup>

The number of infections and deaths from Corona virus can be summarized in the following table:

**Table 2 : cumulative cases : top 10 contries (as of 23 june 2020)**

Ra nk	Cont ry	Confirm ed cases (Cumula tive)	Coun try	Confirm ed Death (cumulat ive)
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1	US	2.364.874	US	
2	Brazil	1.145.906	Brazil	121.662
3	Russia	606.043	UK	52.645
4	India	456.183	Italy	34.165
5	UK	308.334	France	29.723
6	Peru	260.810	Spain	28.327
7	Chile	254.416	Mexico	23.377
8	Spain	247.086	India	14.476
9	Italy	239.410	Iran	9.996
10	Iran	212.501	Belgium	9.722

**Source :** Data from the coronavirus resource center, John Hopkins University, 2020.

From the above table we conclude the following:

We notice the rapid spread of the Corona virus in the world, especially in the United States of America and European countries, through which we may witness the collapse of the European Union, especially with the spread of mistrust between these countries, after losing the most important principle on which the European Union was based, which is solidarity and a unified strategy, and the most important incident is Italy raised the flag of China in place of the European Union flag.

### 3.2 Globalization and economic intervention in the midst of the crisis:

Modern industrial economies are based on the values of liberalism, democracy, globalization, economic openness, and public freedoms, including economic freedom, economic activity, the use of technology, communications, modern machinery, and open borders, and have laid the features of breaking the barriers that

prevent the freedom of trade and the arrival of goods to their consumers.

And despite the great controversy over the state's role in the economy, especially after the Great Depression of 1929 in the last century, and the debt crisis, the modern global economic crisis in 2008 of this century, despite the controversy over the role it might play in stimulating economic activity, increasing demand and controlling the paths of economic activity. To prevent the market from failing at some point, however, the current economic crisis of major shutdown caused by the spread of the Corona virus, which causes Covid 19 disease, has led to the return of the debate again about whether the principles of globalization have begun to fade away or that they stood helpless in front of the new economic reality during the outbreak of Corona Or that there is a horizon for a new globalization looming beyond Corona, and at the same time, there is a debate about the economic roles of the state between a call for open and decomposing economic freedom from government intervention except from its traditional and organizational defense and security duties, and what is needed for intervention by the state to stimulate demand, increase consumption and address The slowdown in economic growth when there is a difficult economic situation, but the emergency situation imposed by the Corona Covid-19 disease pandemic obligated many governments to intervene in all public affairs. Economically, politically and security-wise in an unprecedented manner in the modern era, and with variation of course, but the general feature was economic intervention.<sup>7</sup>

While the report of the UNCTAD (United Nations Conference on Trade and Development) expects that the crisis caused by Corona will lead to a recession in the global economy, which will cause global annual growth for this year to decrease by 2.5 percent and the situation may worsen to the point of recording a deficit in global income With a value of \$ 2000 billion, which means the collapse of the global economy as a whole, similar to the Great Depression that followed the economic crisis of 1929 of the last century, especially since the global economy has not yet recovered from the effects of the financial crisis that occurred in 2008 as a result of the financial fragility of the global economic system<sup>8</sup>

#### **4. The repercussions of the Corona crisis on the global economy**

Epidemics cost the global economy nearly \$ 60 billion annually, this is in normal years that do not witness the spread of the virus, and the cost of the SARS virus has reached nearly half a million trillion dollars. It is difficult to determine the actual loss due to the rapid development of events, and the lack of discovery of a vaccine until this moment, and with the suspension of business, a great loss resulted and unemployment increased, so the recession began to appear on the economies of the world countries

##### **4.1 The economic implications of the Corona virus**

- All studies agree that the global economy will witness a decrease in the level of economic activity, but they differ in determining its shape and amount. <sup>9</sup>, expects that the level of the global economy will be

exposed to a severe recession, as is the case for many major national economies in the first half of 2020, and during the entire year the global economy will stop growing, after previous expectations for the occurrence of the Corona virus indicated The rate is 205 percent, and this means that this institution expects a V-shaped recession pattern, and this prediction supports the majority of American and European economists, according to some opinion polls in this regard<sup>10</sup>. while economists<sup>11</sup> expect a U-shaped and L-shaped economic recession; as for KPMG, it expects the negative economic impact of a virus on the global economy to take a U or V shape, meaning that the shock will be severe and large, <sup>12</sup> and may take a longer time. What will be witnessed by the global economy, and some major global economies that have been affected by the event, such as America, China, and some European countries, while some IMF researchers have indicated - the success of the pace of recovery, and its duration will dim D has been largely dependent on "policies taken during the crisis." If these policies ensure that workers do not lose their jobs, that tenants and owners of residential real estate are not evacuated, that corporate bankruptcy is avoided, and business and trade networks are preserved, the recovery will be achieved sooner and more smoothly<sup>13</sup>. A complication, in addition to another important factor that was not mentioned, which is the duration of the application of the policy of social distancing, the more it negatively affected the economic performance and vice versa. In this regard, some researchers in epidemiology expect that this policy will continue for a period that may not be less than a year.<sup>14</sup>

- The impact of needs on the economy may last for decades, for a period of up to forty years, with the real returns to decline considerably, unlike wars from which economies recover in a shorter period. This result is highly valid for the major needs that afflict European societies, due to the availability of data on them more than other countries of the world.<sup>15</sup>

- The impact of the new Corona on the Chinese economy will be more severe than what it was exposed to during the American financial crisis in 2008, and swine flu in 2009, according to estimates by the International Monetary Fund. The auto demand sector witnessed a significant contraction of -80 percent in February, and a similar percentage is expected in the coming months<sup>16</sup>, KPMG.2020.45-46. Some estimates brought that percentage to nearly 100 -92 percent in February<sup>17</sup>.

- The total loss of the Corona pandemic, as widespread as the Spanish flu of 1918, which is what is happening now with regard to Covid 19, may cause damage to the global economy amounting to more than nine trillion dollars, or about 10 percent of the global GDP .

- Estimates expect that, indeed, most economic sectors will be affected, but to a varying degree. What can be seen is that there is no agreement between the studies in ranking of the most severe, then the least severe, and so on; However, the most affected so far are: travel and tourism, including Hajj and Umrah of course, the commercial aviation industry, oil and gas, cars and exports, conferences, exhibitions, festivals, insurance, banks and other financial services except insurance. Countries will be affected depending on the

importance of this or that sector in their economic composition. For example, oil-exporting countries will witness a significant decrease in their income from this resource because its prices have decreased by nearly 65 percent from the end of 2019, and to the beginning of April of this year,<sup>18</sup>

- Regarding the promising sectors, that is, those that could benefit from the crisis, for example, but not limited to; Technology and technology (conversation applications and the virtual world) e-commerce, medical equipment and supplies, sterilizers, prevention tools, isolation, communication, education and remote work .

#### **4.2 The economic impacts of the Corona pandemic on various economic sectors**

- The rise in gold prices: the state of panic in the markets and the blackness of uncertainty led to the rise in gold prices to unprecedented levels. The uncertainty in currencies and fear of their decline or collapse with the extension and magnitude of the crisis, and with the people's desire to keep the value of their savings, this led to an increase in demand On gold, where people usually resort to the atmosphere of uncertainty and instability as a relatively stable store of values and a safe haven in times of crises with some paper currencies that are quickly affected by the political and economic events and turmoil that societies are going through. As investors around the world hedged buying more gold assets with the outbreak of the Coronavirus and the appetite for risk, the price of gold in mid-April 2020 reached its highest level in 7 years, due to fears of the devastating consequences of the Corona virus on the global economy<sup>19</sup>.

- However, the increasing number of deaths, injuries, and UN warnings have led to many countries disrupting commercial traffic, making them at minimum levels, or disrupting sectors and allowing others, all of this led to a significant decline in commercial traffic, which led to a decrease in the revenues of the owners of stores and major markets, and thus incurred operational expenses. Without their ability to obtain revenues that are covered, and the disruption of commercial movement and the stopping of production markets caused the supply line to be disrupted by factories, marketers, sales and transport representatives, and in light of this difficult situation countries were forced to intervene to operate some markets with strict health conditions and restrictions that provide health conditions to secure food for their citizens . The World Trade Organization expected a sharp decline in global trade movement during 2020 due to the impact of the Covid-19 disease, and the organization indicated that the contraction may range between 13 and 32 percent this year and the organization says that the impact on trade is likely to exceed the recession caused by the global crisis in 2008<sup>20</sup> ( WTO, 2020).

#### **4.3The economic impacts of the Coronavirus on global supply chains:**

Daily reports are increasing on how the COVID-19 outbreak has affected supply chains and disrupted manufacturing operations around the world<sup>21</sup>. forcing thousands of companies to bankrupt or temporarily close assembly and manufacturing plants in the United States and Europe. The companies most affected are those that rely heavily or exclusively on factories in China to supply them with the spare parts and materials sector in search of

low cost, and from which we can see solutions to a transformation in the work of supply chains after what was global, international, to become local and necessarily electronic supply chains.

We note that many analyzes compare the current epidemic with the SARS epidemic of 2002-2003, which did not have a significant and clear impact on global financial markets, as China was not dominating the global economy as it is today. This comparison is dangerous because the relative importance of China in the global economic system has increased significantly in the past 18 years; China has doubled its share of exchange and trade with the rest of the world between the sars epidemic and today, and many industries are now heavily dependent on China. Almost all of the world's products enter into Chinese supply chains, and this is to gain a competitive advantage in cost and economies of scale<sup>22</sup>. The SARS epidemic began in Guangdong Province in 2002 and resulted in 8,000 cases in 2003. During that year, China's GDP accounted for 4.31 percent of global GDP. On the contrary, the number of detected cases of Covid 19 has exceeded hundreds of thousands, and have reached one and a half million cases, and China represents 16 percent of global GDP, an increase of nearly four times<sup>23</sup> . Growing pressure to reduce supply chain costs has spurred companies to pursue strategies such as lean manufacturing and outsourcing. These cost-cutting measures mean that when there is a disruption in the supply chain, manufacturing will quickly halt due to a shortage of parts. The vast majority of global companies have no idea how vulnerable they are to what is happening in Asia, because they do not have complete

knowledge of the locations of all companies that provide spare parts to their direct suppliers. All these reports indicate that there will be a sharp rise in temporary closures of assembly and manufacturing enterprises. Accordingly, manufacturers have already directed to reduce production in their factories outside China, for example: On February 14, 2020, Fiat Chrysler Automobiles NV announced that it would temporarily stop production at the car plant in Serbia because it could not obtain spare parts from China. It "decided to suspend its production lines from working in its factories in Korea due to the interruption of supplies of parts resulting from the outbreak of the Coronavirus in China"<sup>24</sup> .

This imbalance and crisis in global supply chains also afflicted the high-tech and advanced industry, as Apple announced on February 17 that it expects its quarterly profits to be lower than previously expected. This is two important factors, namely, a global restricted supply of Iphone devices and a significant drop in demand in the Chinese market. Other industries were also affected by these two previous indicators, such as global consumer packaged goods manufacturers, who confirmed that their sales in China these months are 50 percent less than they were in February 2019. The Corona virus epidemic has already affected ports, Allard Castelein, CEO of Port of Wardam, said: The impact of the coronavirus is already evident, and the number of departures from Chinese ports has decreased by 20 percent these days. "Activity at the French port of Le Havre is slowing and could drop by 30 percent within two months, and the expected impact on US ports is starting to materialize. In short we believe that we must prepare for a major

impact on manufacturing worldwide. Hitting full strength will begin in two to three weeks and can last for months.

In a report by the Dun & Bradstreet data analysis company, 51,000 companies around the world have one or more direct suppliers in Wuhan, and at least 5 million companies around the world have a tier 1 or 2 tier resource in the Wuhan region<sup>25</sup> .

As for the impact of the Corona virus on suppliers, suppliers in many industries have been devastated in the past months, as their customers have reduced or stopped production completely. In the auto sector alone, 41 out of 44 car assembly factories in the United States of America have been closed in March 26, 2020, according to the Alliance for Automotive Innovation, even global companies with good capital are suffering from the outbreak of the Corona epidemic, as Aptiv, one of the largest car suppliers in the world, announced that it will withdraw all of its credit facilities amounting to 1.4 billion dollars.<sup>26</sup>

The global epidemic has revealed serious defects in supply chains<sup>27</sup> . We are also witnessing disruptions in the global supply chain of personal protective equipment. The current global stock of personal protective equipment is insufficient, especially medical masks and respirators, and gowns and glasses are also expected to be inadequate. This rise in global demand is driven not only by the number of COVID-19 cases but also by misinformation. It will lead to a further shortage of personal protective equipment globally<sup>28</sup>. The World Health Organization has called on enterprises to increase manufacturing by 40 percent to meet growing global demand, and WHO has also warned that severe and increasing

disruptions to the global supply of personal protective equipment due to excessive demand, panic buying, storage, misuse, and without secure supply chains, an estimated 89 million people are needed. Medical mask in response to Covid 19 every month, for examination gloves this number increases to 76 million, while the international demand for protective glasses reaches 1.6 million per month. WHO estimates that enterprises must increase manufacturing by 40 percent to cover the global deficit.<sup>29</sup>

#### 4.3 Financial markets reaction:

Financial crises cripple the supply side of the economy. After the recovery and the optimistic growth expectations that it witnessed, it turned after the spread of this virus, which could extend to liquidity and capital problems to include the real economy and affect this on an unprecedented scale. As if the double risks of financial and real liquidity shocks were not sufficient, and as a result of their association, the risks could increase (philipp carlsson-szlezak, Martin Reeves and Paul Swartz, 2020).<sup>30</sup>

Financial markets in several countries also recorded major losses that came after the collapse of oil prices, which fell by 20 percent, which dealt a painful blow to Gulf economies that depend on crude as their main source of revenue.

As a result of the interconnectedness between all sectors and their relationships with political decisions, the disruption of movement and movement through the quarantine imposed on hundreds of millions of people has affected businesses in the near term, and the consequences are less expected in the long term, as the marked decrease in Chinese consumption, and the

pressure on multinational companies in many Sectors including aviation, education abroad, infrastructure, tourism, entertainment, hospitality, electronics, consumer and luxury goods, the Chinese economy has become short of labor and spare parts, which has disrupted supply chains in a timely manner and raised sales warnings across technology, automobiles, consumer goods, pharmaceuticals and other industries, The prices of basic commodities decreased as a result of the decrease in consumption, medicines and other industries, and the prices of basic commodities decreased as a result of the decrease in China's consumption of raw materials, and producers are also considering reducing production.<sup>31</sup>

#### 4.4 Global GDP:

According to the expectations of the New Organization for Economic Cooperation and Development, strict and continuous containment will lead to significant short-term reductions in the GDP of many major economies<sup>32</sup> When these economies sneeze, the rest of the world will catch a cold, These economies, which are China, Korea, Japan, Germany, and MA are part of global value chains, so their crisis will produce supply chain contagion in almost all countries<sup>33</sup>.

Kristalina Georgieva, Director General of the International Monetary Fund, indicated that the country is witnessing tremendous losses so far as a result of the Coronavirus pandemic, and everyone should cooperate to reduce the economic damage<sup>34</sup> (Gore Gyeva, 2020), as the gross domestic product in China has slowed by 0.5 Percent this year, excluding at least 0.1 percent of global GDP growth. This will extend through developed

and emerging markets that depend heavily on the Chinese economy<sup>35</sup>.

The Secretary-General of the Organization for Economic Cooperation and Development "Angel Gurría" revealed that there will be a loss of 2 percent in annual GDP growth<sup>36</sup>. The United Nations Conference on Trade and Development, the United Nations trade agency, also warned of a slowdown in global growth to less than 2 percent this year, which led to the wiping of a trillion dollars from the value of the global economy<sup>37</sup>. Domestic production is affected by crises similar to the mortgage crisis of 2008.

The effects of the annual GDP growth depend on factors including: lower demand for goods and services due to recessions and a decline in the overall economy, due to the state of anticipation and delay in purchasing that controls consumers and investors, and the speed of circulation of monetary support, and it can result from the effect of closing businesses. What constitutes reductions of 15 percent to 25 percent, and this depends on the difference in the composition of the GDP of each country, and many countries in which tourism is relatively important can be affected more by the imposition of restrictions imposed on travel, as the tourism sector alone faces a decrease in production up to 70 percent (like the UAE, to which the tourism sector contributed about \$ 45 billion in GDP in 2019). According to what is expected that many economies will fall into recession<sup>38</sup> from various aspects, such as the agricultural sectors, oil production, ... the decline in global demand for basic commodities<sup>39</sup> and with regard to the industrial sector, it was not immune to. Countries considering the Corona epidemic were concentrated in China, and they were

next to Japan and Korea the most affected countries, and given the centrality of these countries in global supply chains in many manufactured goods, it affected global supply chains, causing direct supply disruptions that would hinder production. The contagion in the supply chain leads to the amplification of direct supply shocks, as the manufacturing sectors in the least affected countries will find it more difficult and more expensive to obtain industrial inputs imported from severely affected countries, and then from each other, and the following figure explains that.

**4.5 The real economy:** The Covid-19 crisis may, over time, as a result of social distancing, disrupt capital formation, leading to a slowdown in job creation due to income growth, weak productivity growth, and the emergence of several cases of bankruptcy, making it difficult for the financial system to manage it. What is already accomplishing is the death of the real economy of credit<sup>40</sup>.

The curfew and restricting the movement of citizens and travel will reduce the volume of demand on the market by some percentage, at the level of consumers. As for investors, a state of caution and anticipation will prevail, which will prevent them from pumping any money into new projects or investments.

#### **4.6 Effects on Foreign Direct Investment:**

The spread of the Coronavirus, as COVID-19, will negatively affect global foreign direct investment flows. With the epidemic spread scenarios that range between short-term stability and persistence throughout the year, the pressure on foreign direct investment is declining by -5 percent to -15 percent compared to previous expectations that expect marginal growth in the direction

of foreign direct investment for the period 2020-2021. On average<sup>41</sup>, according to United Nations projections, the most important 5,000 multinational companies (next figure) that represent a large share of global foreign direct investment, according to 2020 earnings estimates, have seen a 9 percent concession, and among the industries most affected are The auto industry - 44 percent, airlines - 42 percent, and the energy and basic materials industry - 13 percent .<sup>42</sup>

#### 4.7 Effects on corporate investment:

Firms may have to face intense political, economic and security risks from faltering growth in emerging markets failing to absorb a rapidly growing workforce, leading to societal unrest, political uncertainty, and an inability to invest in health systems. They pose stand-alone trade risks,<sup>43</sup> In this regard, Gurria said in the G20 summit statement: "The high costs imposed by public health measures today are necessary to avoid more disastrous consequences and worse impacts on our economies tomorrow."<sup>44</sup> As well as amplifying current trends and long-term vulnerabilities, Covid-19 may serve as another reason besides protectionist regulations and companies' energy efficiency needs to reassess their supply chain exposure to outbreak-prone areas, and reshape them regionally as well as normative concerns regarding business continuity. Protecting employees and maintaining the marketplace that companies and countries need<sup>45</sup>.

#### 4.8 Flights:

The prices of airlines' shares have decreased by 25 percent since the start of the outbreak, which is 21 percent more than the decline

that occurred during the SARS crisis in 2003, and the International Air Transport Association (IATA) expected losses in global passenger business revenues of between \$ 63 billion. And \$ 113 billion due to COVID-19.<sup>46</sup>

#### Conclusion:

Certainly, the world is witnessing a major economic crisis that has started and it is not easy to imagine its maximum extent, which is more severe than the Great Depression in 1929 AD, and more severe than the 2008 global financial crisis, as we tried in this research paper to address the effects of the outbreak of the Coronavirus (Covid-19) on The economic level, by addressing the negative effects this epidemic has left on the gross domestic product, on the global financial markets, and on foreign direct investment. And in the last we came up with a set of conclusions and recommendations.

#### Results:

- An increase in the unemployment rate due to layoffs, closure of many enterprises, and cessation of their activities;

The fact that small and medium enterprises have limited financial resources made them - due to the Corona pandemic crisis - unable to withstand and proved their failure to pay workers' wages;

- The decline in oil revenues further worsened the economic situation in many countries of the world, which led many institutions to close and cease their activity;

- The digital engine and digital technology are the way to cope with the Corona virus crisis for individuals and institutions;

-A healthy ecosystem is the basis for sustainable economic growth and stable societal well-being;

### Recommendations:

- The need for a fair distribution of vaccines in the world, especially helping developing and poor countries to take their share of it, because this will help more quickly and balanced global economic recovery.

All countries of the world must learn from this crisis and build back better, to achieve sustainable development.

- All countries of the world must do everything possible to reduce the negative effects of this crisis on all sectors, especially the vital ones.

- The need for international dealings in the economic field, through economic partnerships and financial cooperations, to avoid bankruptcy of major companies.

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