

“Analysis of Covid 19 pandemic status quo and Global Trade Economic crises”

¹.Dr. Vikas A. Barbate(Author)

**Associate Professor,
ASM’S Institute of Professional Studies,
Pimpri, Pune- 411018**

E- mail : vikas.barbate205@gmail.com(M- 9850286769)

².Dr. Dilip Nana Aher (Co-Author)

**Associate Professor,
ASM’S Institute of Business Management & Research
Chinchwad, Pune- 411019**

E- mail; aherdilip1966@gmail.com (M- 9970564626)

Abstract:

COVID-19 is a humanitarian crisis on a global scale. The global economy is now experiencing the deepest recession since the Great Depression in the 1930s, with GDP declines of more than 20% during shutdowns and a surge in unemployment in many countries. The countries where containment measures have been relatively sunlit, early data are already making clear that the economic and social costs of the pandemic will be large.

The growth of the nation is depending on many factors counting how COVID-19 evolves, the period of shutdowns, the impact on motion and the application of fiscal and monetary policy support.

In the situation, it is assumed that transformed shutdowns are implemented before end of 2020, unprecedented global health crisis, trade is essential to the save lives and livelihoods and international co-operation is also needed to keep trade smooth. Though the significant uncertainty in the trade, the country can do without compromising business rules and regulation i) enhancing confidence level in trade and global markets by improving

transparency about trade-related policy actions ii) Try to keep supply chains intact for essentials health supplies and food iii) Without dispute avoid making things worse specially import- export restrictions and trade barriers iv) Govt. support to ensure today needs to be delivered for public interests and avoids becoming tomorrow's market distortions. Globally OECD is working to support governments and analyse the situation time to time to avoid further destruction in international trade and tried to maintain smooth business relations among member countries. This study revealed the potential impact of covid 19 on international trade and put forward a set of policy recommendations for specific sectors.

Key Words: *International Trade, Indian Economy, Export & Import, Covid 19 Pandemic, Supply Chain.*

Introduction:

The COVID 19 is the virus which continues to spread throughout the globe and stuck health systems under unique stress in the battle to save lives. Day by day the human scale of this disaster is set to worsen. Especially low-income level countries with weak health care system are more affected in this covid 19 epidemic. In the March 2020 OECD Interim Economic Outlook, saw global growth halved to 1.5%. That was optimistic. The most recent estimates in the June 10 OECD Economic Outlook indicate an unprecedented collapse in the first half of 2020 – an almost 13% decline in global GDP. Even by considering Indian GDP it is shown declining around 11% to 12% (Figure 1).

Figure 1. **An unprecedented output collapse is occurring in the first half of 2020**

Predictable change in GDP at constant prices between 2019- Q4 and 2020 -Q2 (per cent)



Source: OECD Economic Outlook 107 database.

It is highly advocated that looking to this epidemic situation and lockdown background, there is a clear need to keep trade flow import and export smoothly and to ensure the supply of essential products, medicines and to convey a green signal of confidence for the global economy. Trade is an essential to save both lives and livelihoods of the common man on the world. The noted fact is that keeping trade flow smooth, it requires co-operation, co-ordination and more particularly trust. During this situation trade tensions between two or many countries in international trading system was already subject to new restrictions and distortions, from tariff increases among major traders, to significant government support in key sectors. Moreover, efforts of dialogue to manage and prevent tensions through ongoing negotiations are now complicated by mobility restrictions. So, in the context of the severe economic strain from COVID-19, it is more important to avoid acceleration of the current trade tensions.

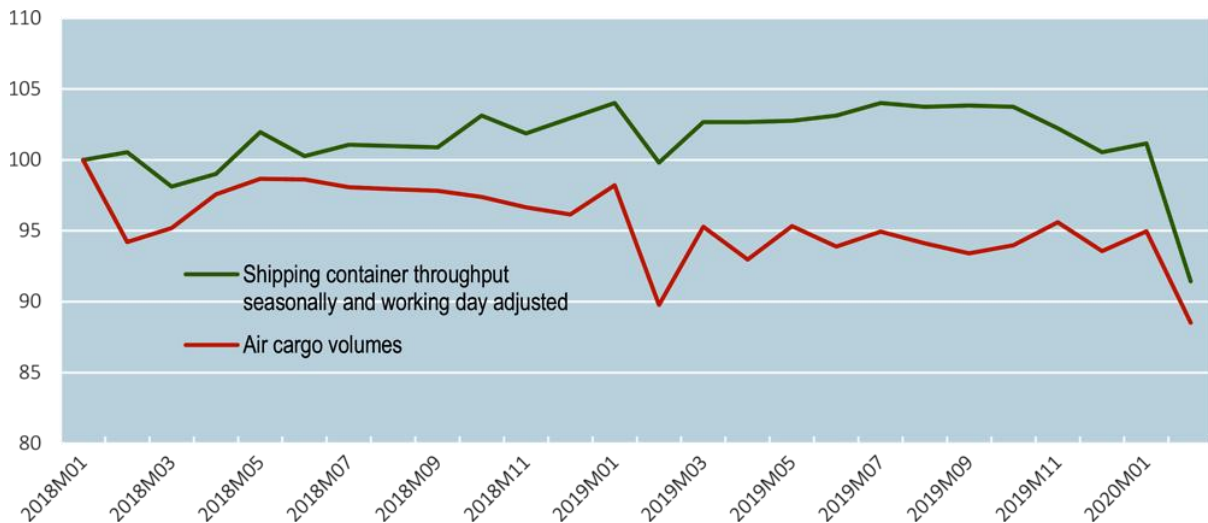
Literature Review:

All over the world more than 200 countries reported severe attack by COVID 19 and confirmed death cases of Covid-19, and its implications on the global trade since from February 2020 to till date. Literature review of Covid 19 symptoms and tragedy details are not available much more because never heard about covid 19 virus/epidemic by the world. However, many experts agreed that because of covid 19 situation social distancing is one the cause to spread this virus into the community. Therefore, many countries have stopped their air services and sealed/ banned international borders physically and banned for international tourism as well as air cargo movement from one country to another country these days. The OECD data reveals that, all over the world each country is dependent on another country, and not self-reliance. Hence overall situation of the country in terms of transportation of food grains, medical equipment is stuck in one place and suffer heavy negative impact on human body and livelihood. Some of the assessment and comments made by the experts are listed below.

(Curran, 2020)-Cancellation of passenger flights linked to travel bans has limited the availability of air cargo (Figure 2) while urgent shipping of essential goods has increased demand, resulting in increases in the price of *air cargo* (compared to October 2019 air freight costs are up by about 30% between the People's Republic of China (hereafter "China") and North America and by over 60% on some important Europe-North America routes) Delivery

times have also increased, these substances for some time-sensitive medical supplies but also for some high value food trade.

Figure 2. Sea and air cargo are dropping sharply



Source: OECD, drawing on data from Innovative Solutions in Maritime Logistics (www.isl.org/en/containerindex) and International Air Transport Association (www.iata.org).

(Baschuk, 2020)-He noted the fact that, important shipping ports reported year-on-year drops in cargo between 10% and 20% in February. More than 50 countries have changed port protocols, ranging from port closure and quarantine measures to additional documentation requirements and examination. Even some countries have also set up “green lanes” at ports of entry and border crossings, to accelerate the processing of cargo shipments.

(Evenett, 2020)-He has emphasized on by keeping the trade of medical supplies intact and to be kept in smooth way by removing barriers such as tariffs on medical goods essential for combatting COVID-19. He also pointed that many countries have kept tariffs up to only 10% on covid 19 test kits. This will help for expediting certification procedures to allow new products to be traded wherever possible. It will also be ensuring technical requirements in view of science-based and helps for unnecessarily restrict trade.

(AMIS, 2020)-He argued that there are some issues which are keeping food supply chains running in smooth way. Additionally, impacts of reduced air and sea cargo possibilities, are also challenge related to the risk of food loss and waste through delays to handling difficulties, and the downfall in demand from restaurants and hotels. There is also a need to ensure that food supply flows to quarantined areas, and that appropriate biosecurity arrangements are in place, requiring changes to how food is produced, consumed and

distributed – while also ensuring that COVID-19 related sanitary and phytosanitary (SPS) requirements remain science based and not unnecessarily restrictive. While at present global food markets remain well-balanced and cereal stocks are high it will be important to continue to closely monitor developments, given accumulating risks such as the lack of seasonal labour for planting and harvesting crops.

Objectives:

The major objectives of this study are:

1. To study impact of Covid-19 on international trade.
2. To understand impact of Covid-19 on passenger, cargo movement and supply chain management.
3. To study global economic crisis in terms of similarities and differences.

Research Methodology:

In this study we have studied various reports published by organisations like International Monetary Fund (IMF), World Trade Organisation (WTO), Institute of Shipping and Logistics (ISL) The International Air Transport Association (IATA). Further, we have chosen the reports mostly published in March and April months to understand the impact of COVID-19 specially on aviation transportation, sea, and air cargo shipment/movement. Also, we have studied few research papers and News articles which publish in these two months. In term that this paper is based on secondary data only.

Results and Findings:

Lessons from the Global Economic Crisis?

IMF says that worst economic crisis since 1930s depression, around 81% of the global workforce of 3.3 billion people have had their workstation closed fully or partly. There are restrictions on daily life have led to the closure of many companies and the laying off of staff - either permanently or temporarily. The International Labour Organization (ILO), an agency of the United Nations, has been looking at the global impact with a series of charts. Their work shows the global scale of the impact of the coronavirus outbreak.

COVID-19 and international trade: Most economists would agree that trade is beneficial for everyone, at least in theory. The benefits of trade arise due to comparative advantage. If

you focus on goods that you can produce with lower costs and exchange them for another, both parties in the trade will be better off, the theory suggests. The COVID-19 pandemic is challenging such suggestion, as countries struggle to maintain production due to the disrupted supply from China, which has become the world's manufacturing centre in recent times. Some countries also ban exports of essential items, such as food and medicine. This session will discuss what the future holds for a small economy such as Singapore, which relies heavily on international trade.

Facilitating global trade: Normally in the year Airlines transport over 52 million metric tons of goods, representing more than 35% of global trade by value but less than 1% of world trade by volume, which is equivalent to \$6.8 trillion worth of goods annually or \$18.6 billion worth of goods every day. COVID-19 has imposed shocks on all segments of food supply chains, simultaneously affecting farm production, food processing, transport and logistics, and final demand. Not all sectors and products have been equally affected, and different products have experienced disruptions at different stages of the supply chain. There is a significant challenge of COVID-19, some of us are asking whether there are lessons from the experience of the global economic crisis, and to what extent the crises may be similar. Some examples of the similarities and disparities are below. There are significant challenges of COVID-19 facing the world. Besides that, many are asking whether there are lessons from the experience of the global economic crisis, and to what extent the crises may be similar or dissimilar. Here some examples of the similarities and differences are listed below.

Differences

- 1) Not just about confidence effects, economic activity is being shut down.
- 2) Widespread across many sectors, simultaneously and sometimes instantaneously
- 3) Requires large government investments in almost all sectors.
- 4) Mobility restrictions limit some of the automatic stabilisers/offsetting actions (informal work, share economy) and impose additional costs
- 5) Issues with medical equipment and biosecurity for food.
- 6) Widespread closure of key service sectors like tourism, travel and entertainment).
- 7) This crisis is having a disproportionate impact on MSMEs.
- 8) Greater disruption to production leading to pressure on supply chains.

Similarities

- 1) This crisis is coming in waves, as knock-on effects from problems in one sector or country rebound and create new problems in other sectors (e.g. between the financial sector and the real economy) or countries. Second- and third-order effects of policy actions can be unpredictable but important.
- 2) This will also be an employment crisis, with significant implications for supporting workers in mass unemployment
- 3) The crisis is having staggered effects globally, with Africa likely again to be last to experience (but also least equipped).
- 4) Governments are facing the challenge of having to act rapidly and at a large scale across a wide range of policy areas.
- 5) Governments must think immediate term, and longer term at the same time.

Recommendations:

After compiling data, analysis on a range of topics to address the emerging global trade, health, economic crisis is challenge for worldwide. Therefore, co-ordination, and contribution from every country is required for which necessary global action is collective challenge. This covid 19 brings together policy responses/measures needed in affected sectors and a specific focus on the society and the economy. Further Than, the content aims to provide analysis on the longer-term consequences and impacts, covering the way to recovery with co-ordinated policy responses across countries.

Conclusions:

It is concluded that, this is the first time happened in the history that COVID 19 impacted on international trade adversely. In a fast changing situation, it is difficult to quantify the exact scale of the impact of the measures on GDP growth, but is clear that they suggest strident shrinkages in the level of output, household spending, corporate investment and international trade. In India, this has not yet started in a systematic manner and needs to be prioritised alongside steps to deal with the health crisis. By rationalizing tax rates or providing tax relief curb the impact of COVID-19 on the Indian economy might know after implementation of measures. About necessary measures to combat the economic impact from the rapidly spreading coronavirus, the Government policymakers would need to implement a substantial trade facilitation centres, government support, global Value Chains for essential goods and services trade to help normalize the economic situation.

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