

Author: Kevin Lai, Neo Mao, Aaron Miao, Helena Chen, Victor Qiao, Michal Li

Observer: Jamey Lewis

Topic: Pandemic and Globalization

Team Name: Praetorian

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COVID Crisis: An Apocalypse And A New Dawn

Praetorian Guard is the bodyguards of the ancient Roman Emperor; my teammates and I named our team by it because these guardsmen would fight to protect their Emperor till the last stand, and now our civilization needs someone like them to protect us from the virus. Our team chose the topic Pandemic and Globalization because we are international students, who directly influenced by this pandemic, even we are just sophomore in high school. We even felt like we are part of a great historical event. I still remember at the start of March, the whole world went perfectly well except a small break out of the virus in Wuhan city. But several days later, everything changed. The virus was totally out of control and international society fell into chaos. Then came a surge in deficits and unemployment, with health systems and social safety nets on the verge of collapse. The whole process is so fast that you don't have time to figure out what's going on. In May, the losses caused by the epidemic to the global economy and society have reached a terrible level. In China alone, 12000 foreign trade enterprises have closed down. The global economy looks like a mess. But we find that in the ashes of traditional industries, some new opportunities are emerging, and these things are likely to be the key to change the future. So we want to be able to figure out what's going on and try to seize the fleeting opportunities.

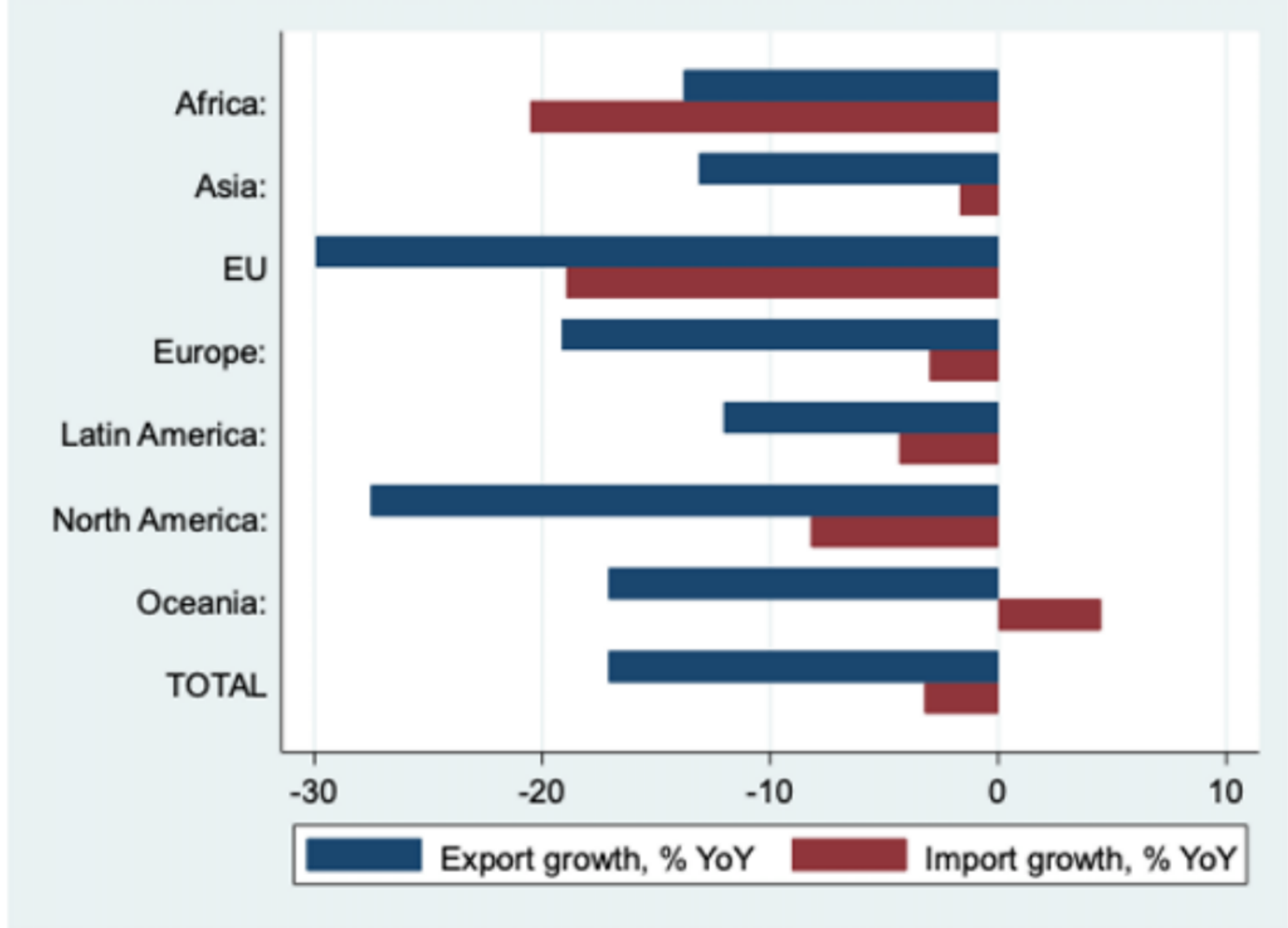
Pandemic is an unchangeable thing since the start of history. Whether it's the classical age or the middle age, or even the industrial age, pandemics have caused countless casualties. Even now, in the advanced 21 century, the pandemic is still a great threat to our civilization. The loss in a pandemic is not only the infection caused by deadly disease but also the economic loss caused by isolation and lacking order.

Globalization first leads by the British at the Age of Wind. Through continually develop and grow, it has made our civilization prosper beyond imagination in the 21 century. Based on the connection of different regions, efficient manufacturing and trade networks allow every resource to maximize its impact while dramatically reducing costs. It can be said that connection is the artery of the global economy. What will happen when almost all the connections were cut off? Nobody will ever know the exact answer before the COVID Crisis.

The pandemic brought blockades and restrictions, and the avalanche of the global economy began. With the decline of national purchasing power and consumption

n, the traditional sales industry, service industry and catering industry are severely impacted; the isolation policy has led to the abnormal operation of factories and some enterprise sectors, and the productivity has been greatly affected; the significant reduction of international orders has further squeezed the living spaces of producers in developing countries. “Comparative data for the first two months of 2019 and the first two months of 2020 showed that China's trade with the European Union and the United States was diminished. China's exports to the EU fell by 29.9%, while imports from the EU fell by 18.9%. Exports to and imports from the United States fell by 27% and 8%, respectively. The cumulative output loss to the global economy across 2020 and 2021 from the pandemic crisis will be over 12 trillion U.S. dollars.”

Exports and imports between China and the regions of the world (% change) between Jan and Feb, 2019 and Jan and Feb, 2020



Source: General Administration of Customs of People’s Republic of China (GACC)

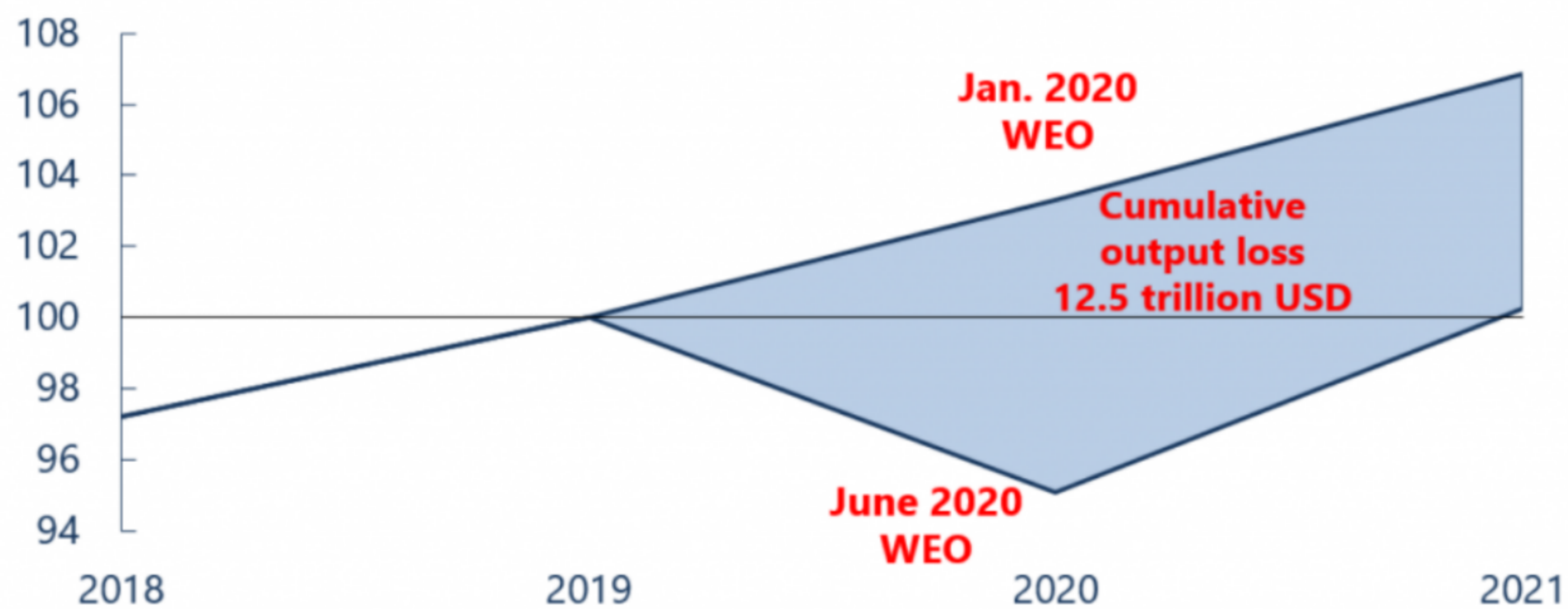
These sharp declines are likely related to the interdependence between European and American companies and Chinese companies.

Due to border inspection requirement, the efficiency of international trade and transportation inevitable slowed down.

Output losses

The cumulative output loss to the global economy across 2020 and 2021 from the pandemic crisis will be over \$12 trillion.

(global real GDP level, index)



Sources: IMF, *World Economic Outlook*; and IMF staff calculations.

INTERNATIONAL MONETARY FUND

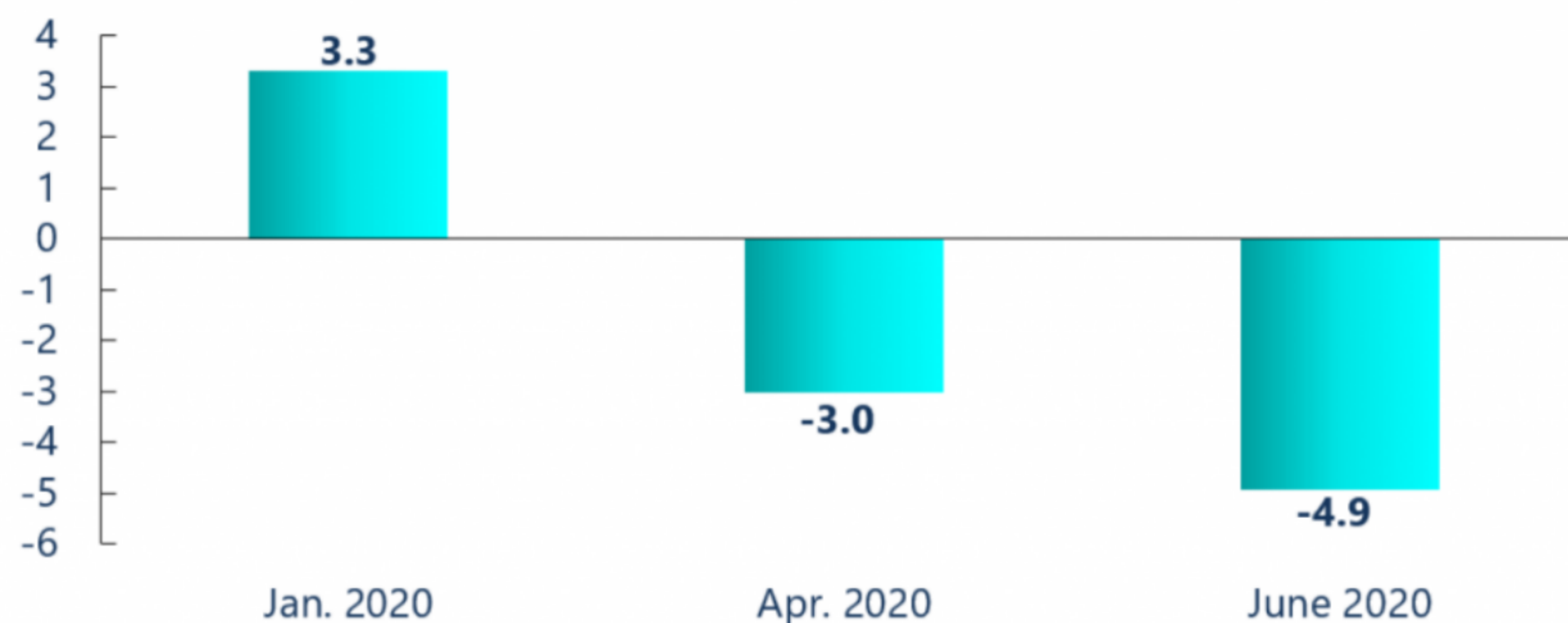
“Exporting goods can hardly be transported out of nation and import material/products stranded customs. Export and import companies must undertake such great loss and time wastage.”

“The demand to labor force has been greatly decreased, when domestic enterprises are cutting down their scale of employees to reduce unnecessary expense, international laborers would experience most impact.”

A deeper recession

The Great Lockdown has triggered the worst recession since the Great Depression.

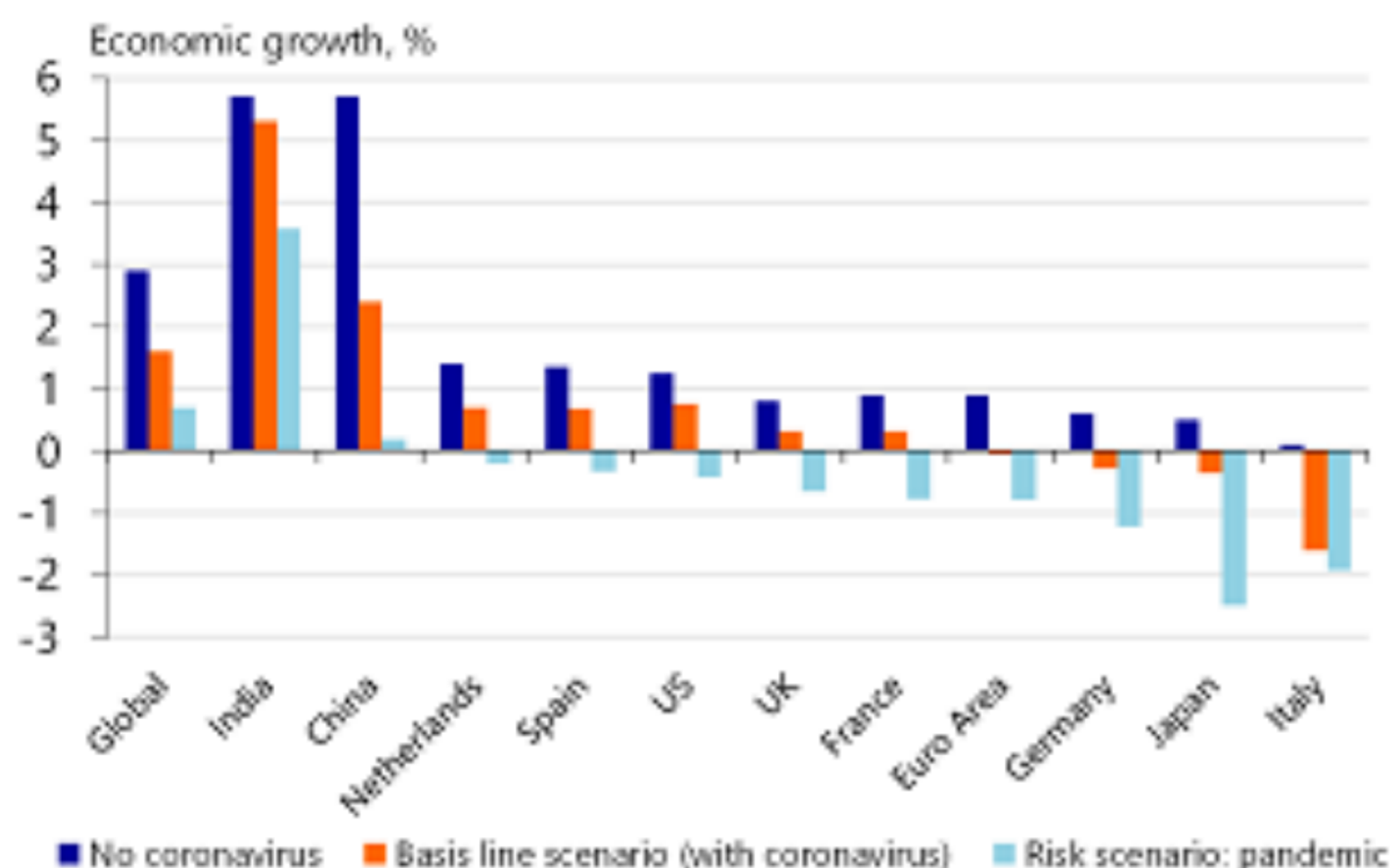
(global real GDP growth, 2020, year-on-year percent change)



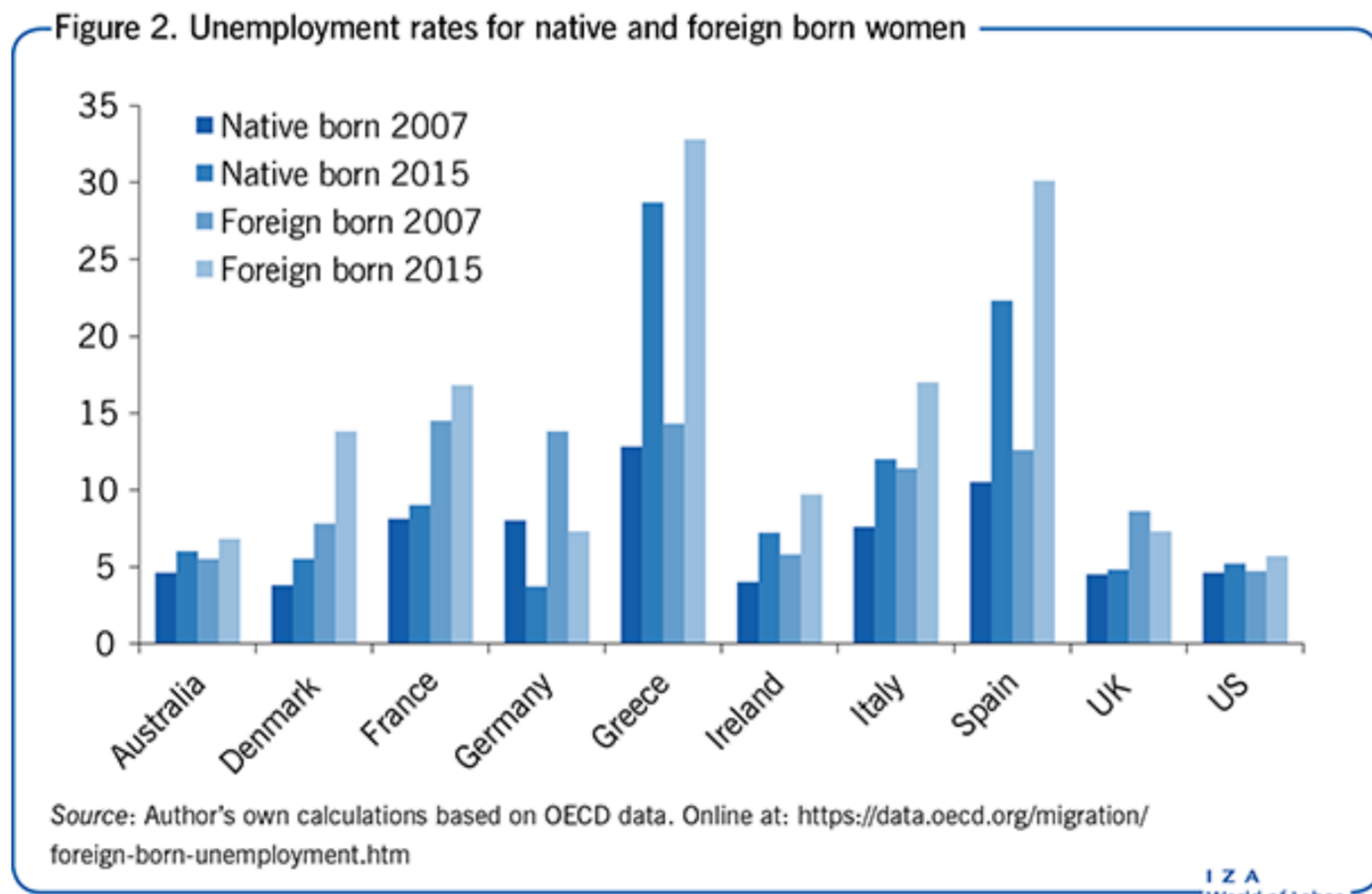
Source: IMF, *World Economic Outlook*.

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Like Vietnam, Thailand and other countries that rely heavily on manufacturing as an important source of income, the pandemic has had a huge impact on their economies. When people have to keep social distance, the normal production process will be seriously frustrated. Some of the workers were sent home and some kept working, but their efficiency was much lower.



The epidemic has had a huge impact on the economies of these countries. When people have to keep social distance, the normal production process will be seriously frustrated. Some of the workers were sent home and some kept working, but their efficiency was much lower. In addition, the decrease in demand for export goods and imported materials has forced enterprises to lay off staff, resulting in high unemployment rate.



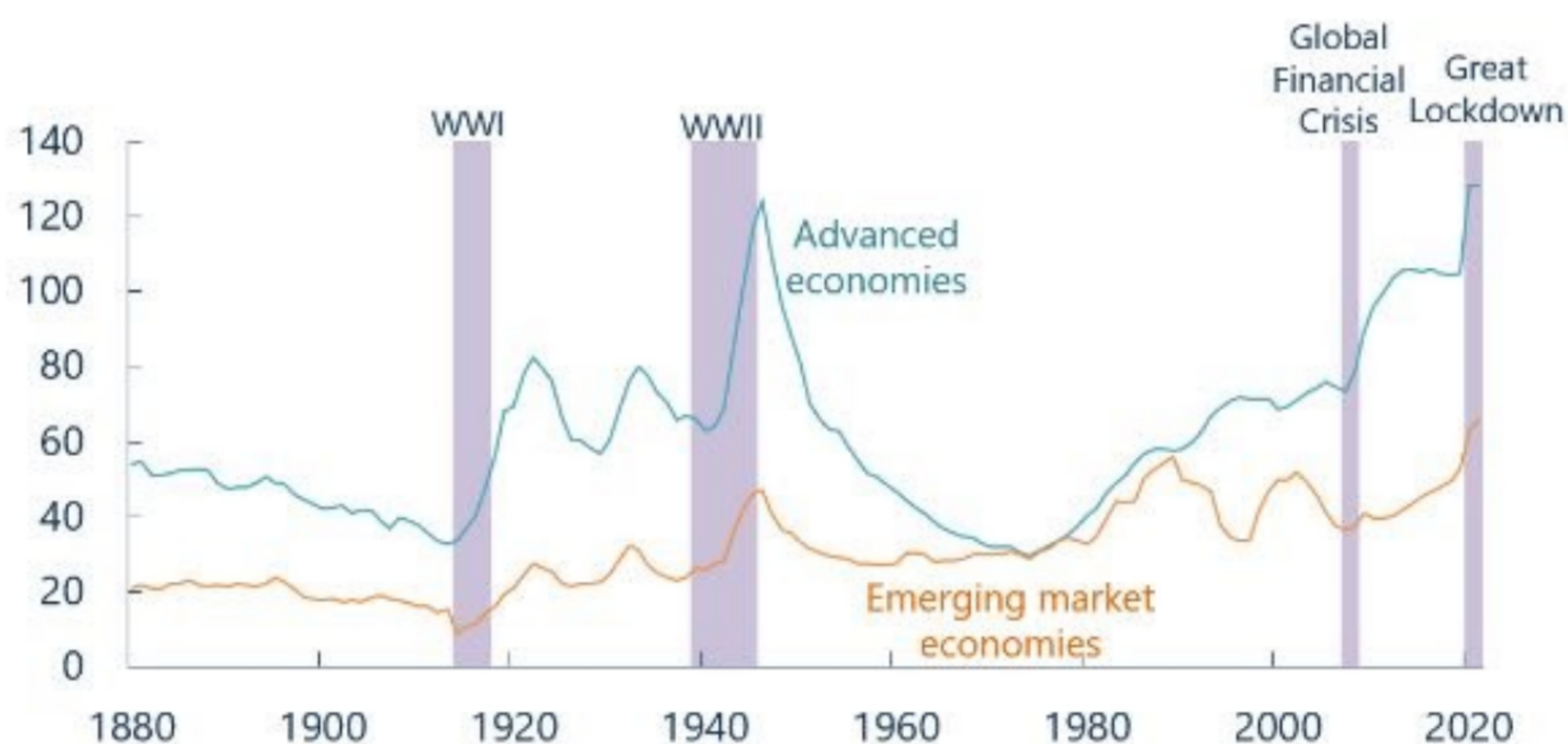
Due to the severe impact on domestic industry during the pandemic, enterprises laid off most of their employees and the unemployment rate rose sharply. Unemployment has never been so high in these countries. According to economists, even compared with the great depression, the number of unemployed people in the world will be unprecedented.

The unemployed have to be in debt to support their material lives (no job means no income), so global banks and governments are reducing debt profits and providing unemployment benefits to serve them.

Record debt

Global public debt is expected to exceed the post-World War II peak.

(global public debt, percent of GDP)

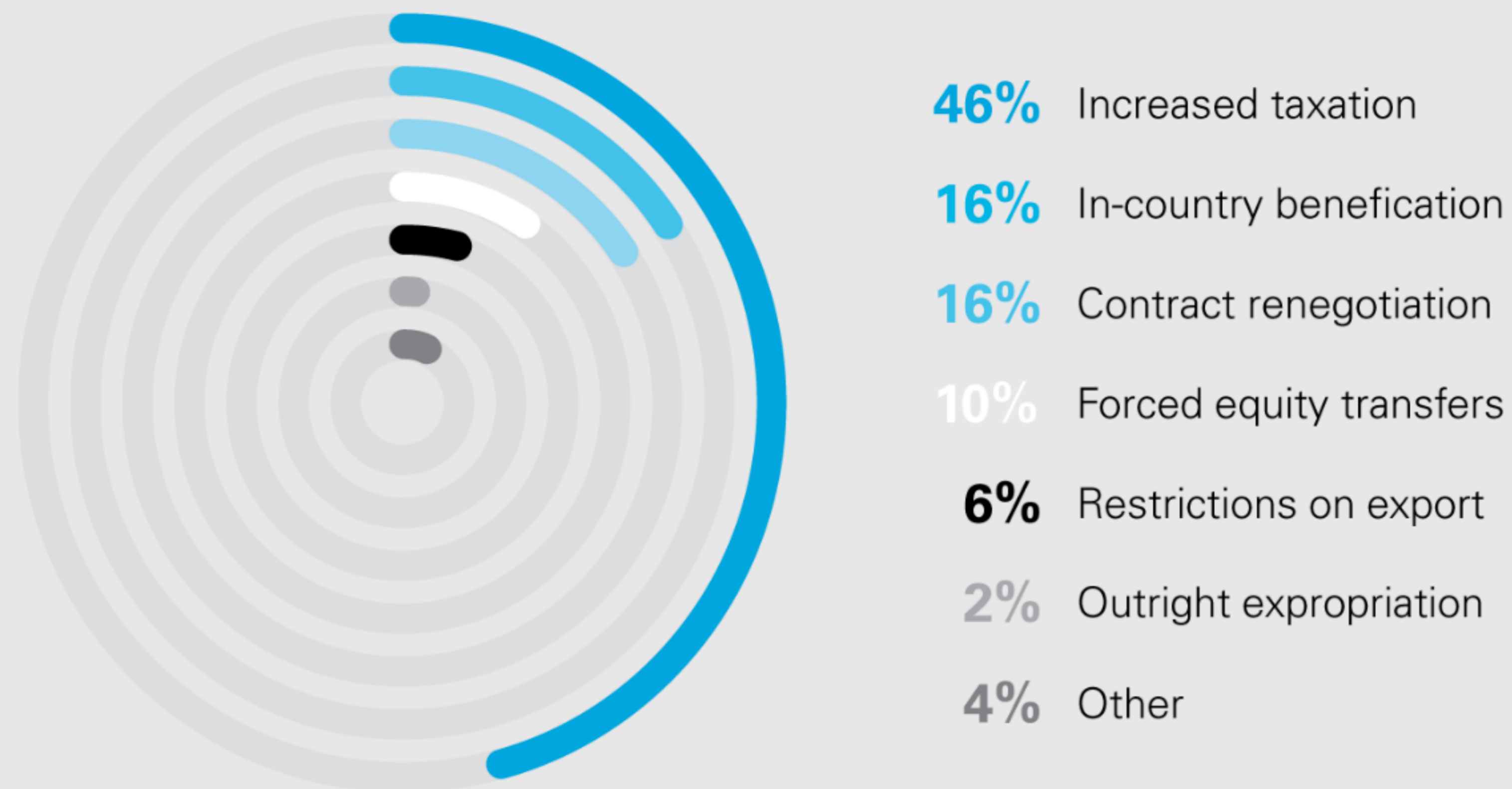


Sources: Historical Public Debt Database; IMF, *World Economic Outlook*; Maddison Database Project; and IMF staff calculations.

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The increasingly intensified situation indeed affected the relationship between China and U.S., now some policies of China and U.S. are mutually blaming each other, President Trump try to create regional conflict to extend his presidency during the "Special" period.

How is resource nationalism most likely to manifest itself in the wake of COVID-19?

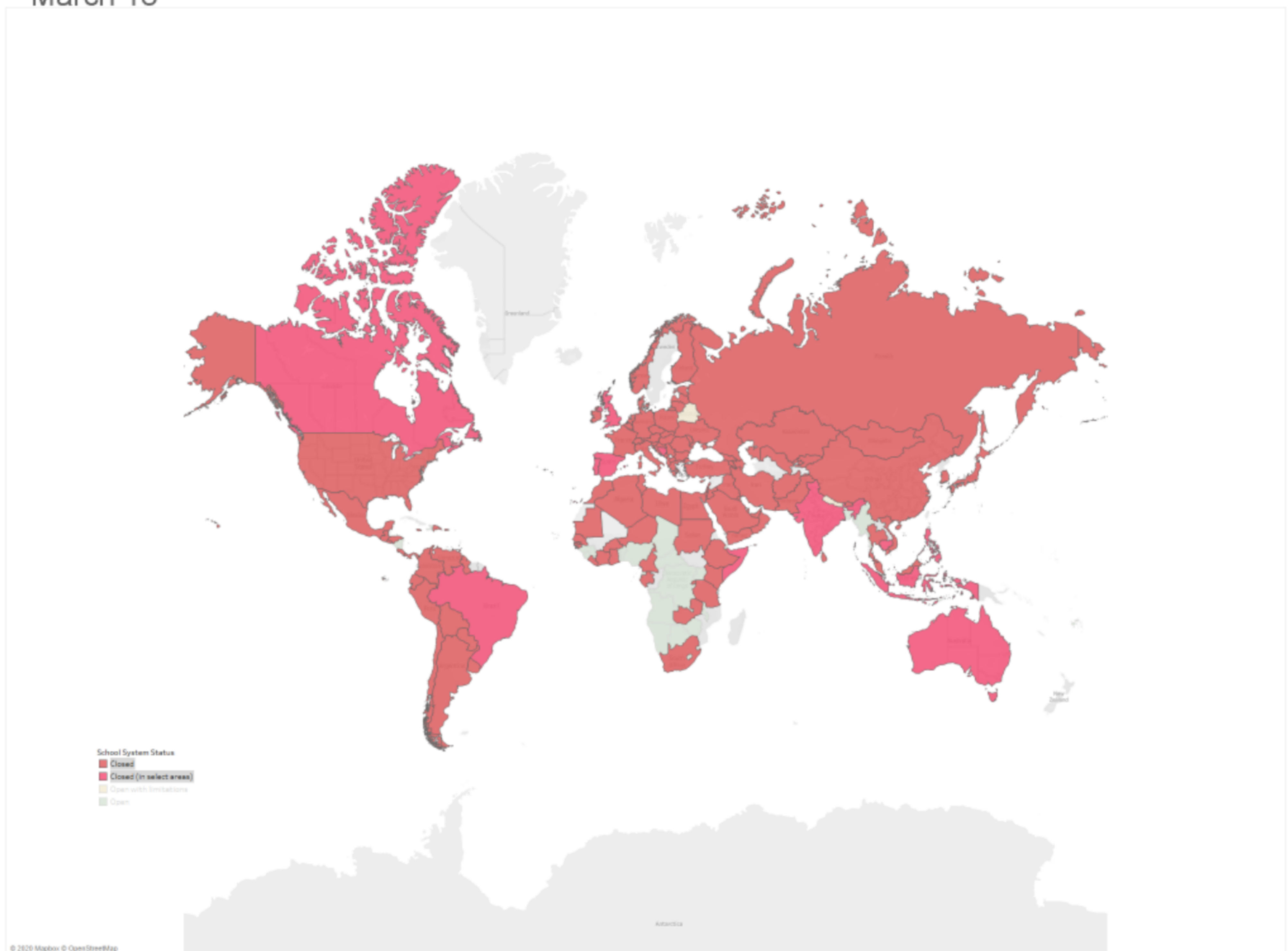


Source: White & Case extraordinary COVID-19 mid-year mining & metals survey, 2020

The subtle period increased nationalism world wide, intentional people are creating favorable public opinion through various ways. Due to international trade limits, many countries confrontation intensified.

As shown in the figure below, corona virus is seriously affecting global education. Nearly 94% of the students are facing school closure.

March 18



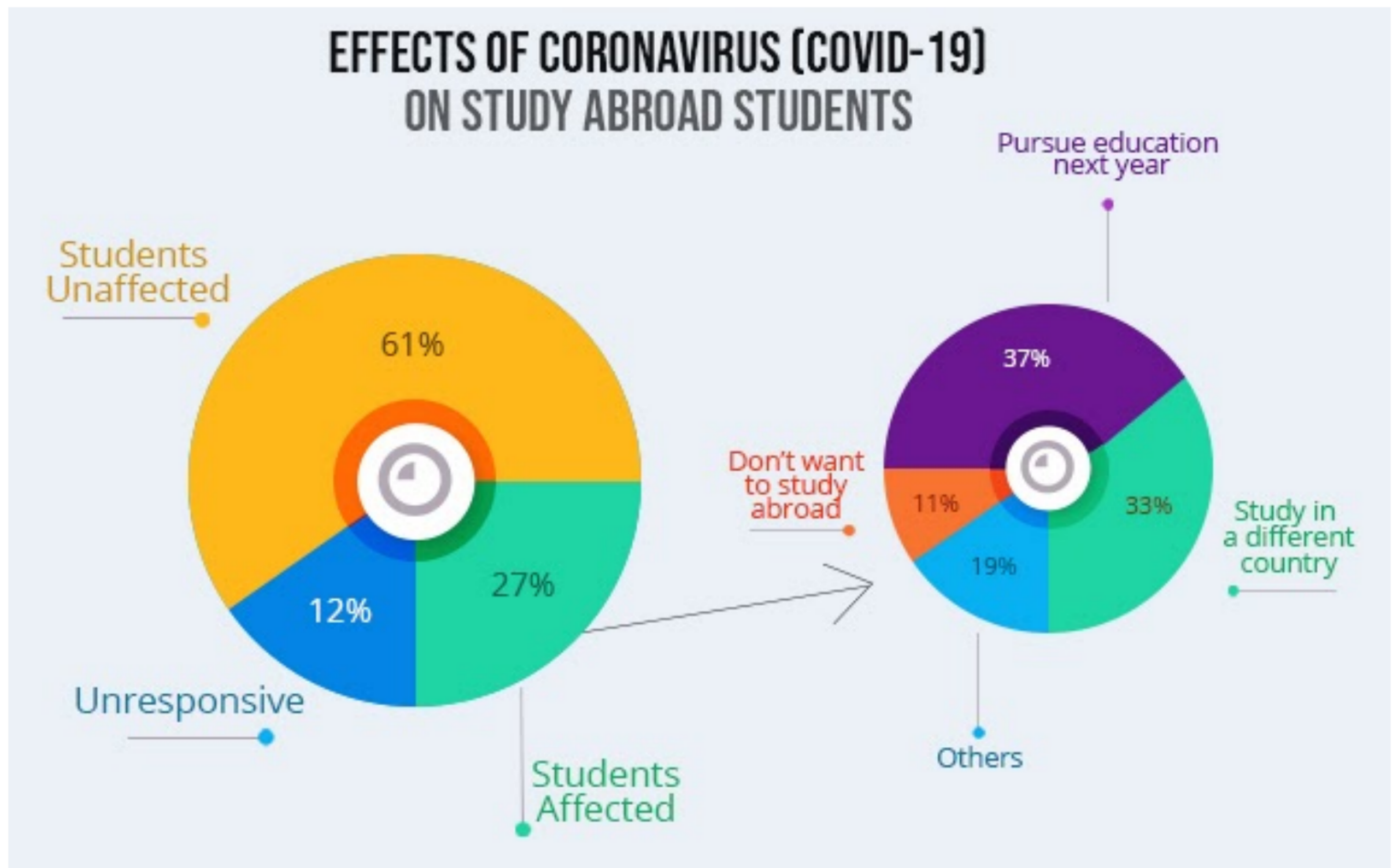
The hard won gains from expanding access to education may be stalled or reversed, as schools are being closed for longer and longer, and access to alternative options such as distance education remains elusive for those who do not have access to access.

The outbreak of coronavirus has become a major interference in Colleges and universities across the country. Most colleges and universities cancel face-to-face teaching and use online teaching instead. The flu pandemic also threatens almost all aspects of college life, from admission and admission to college sports. These concerns extend to the financial future of higher education institutions. In a rather unstable period, these concerns are manifested in unexpected costs and potential income reductions.

As the situation continues to develop, legislators are actively addressing the immediate and long-term challenges associated with the epidemic. As many universities have closed their campus accommodation and catering, lawmakers have introduced bills to ensure that students receive a refund of their board and lodging fees. Other states are considering bills to suspend the collection of state-owned student loans. In addition, colleges and universities need to develop emergency preparedness and emergency plan. Legislators are also exploring ways to solve the problem of funding and funding for public colleges and universities.

The data from the previous "covid-19 impact on Chinese students" provides an information: students face multiple difficulties. In addition, for other students studyin

g abroad, many of them are hindered from entering or leaving their own country. On the left, we have another picture showing students affected by covid-19.

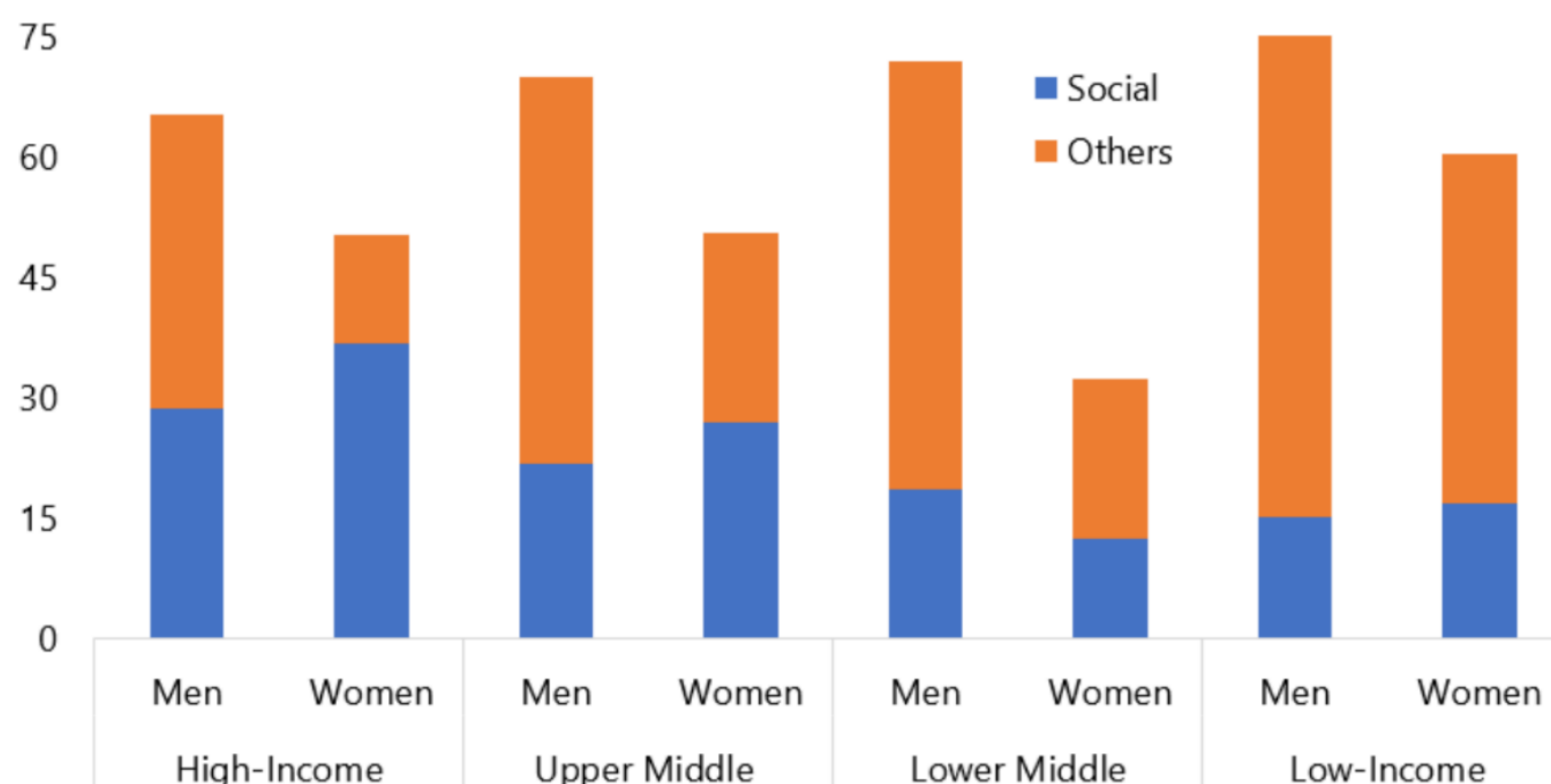


“The COVID-19 pandemic threatens to roll back gains in women’s economic opportunities, widening gender gaps that persist despite 30 years of progress. Well-designed policies to foster recovery can mitigate the negative effects of the crisis on women and prevent further setbacks for gender equality. What is good for women is ultimately good for addressing income inequality, economic growth, and resilience.”

Women dominate social sectors

In most countries, women are more likely than men to be employed in social sectors jobs.

Total employment (percent)



Sources: ILO and authors' calculation.

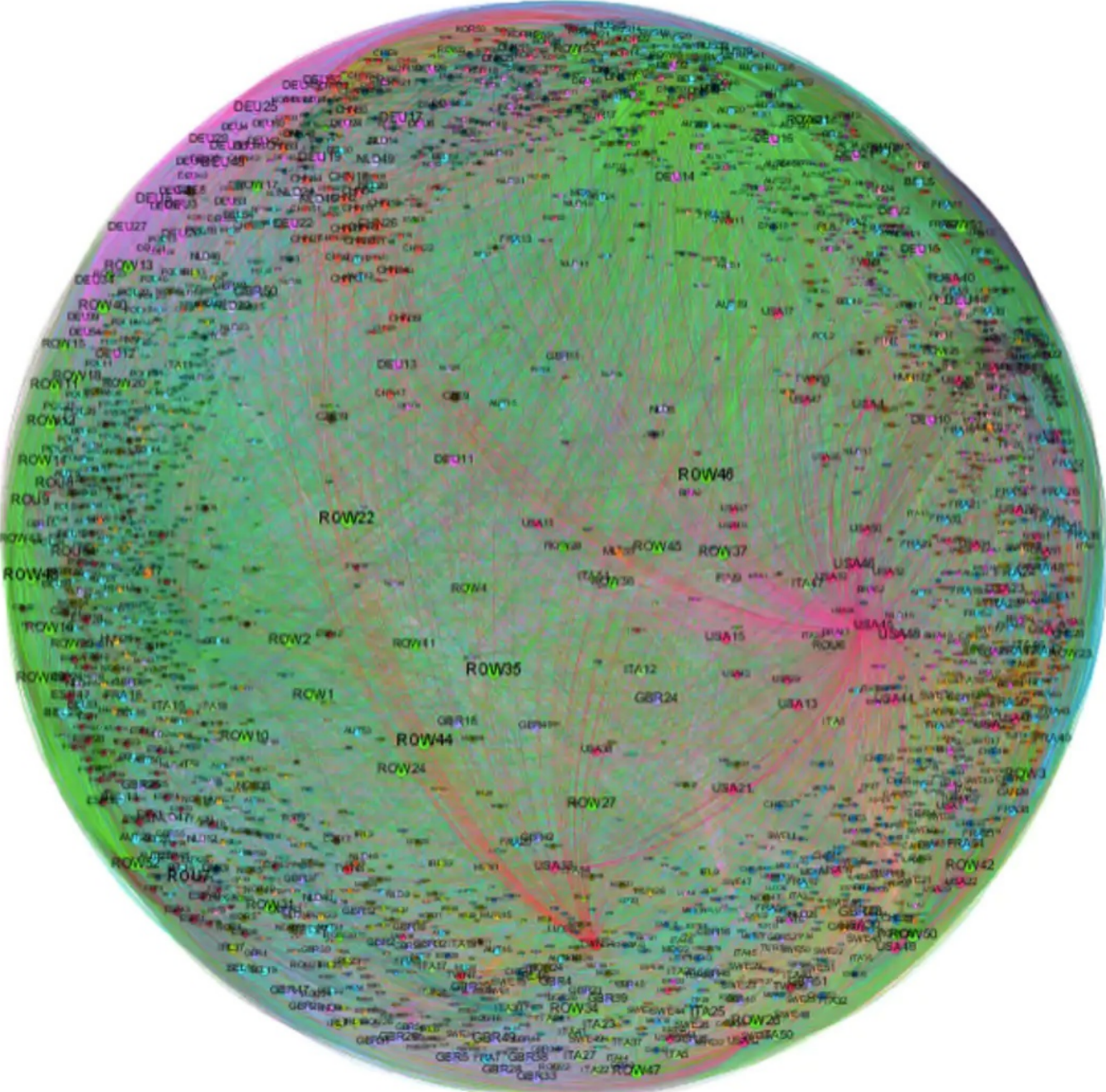
Note: Social sectors are defined as the sum of the following sectors: wholesale and retail trade, accommodation and food service activities, real estate, business and administrative activities, education, human health and social work activities, and other services.

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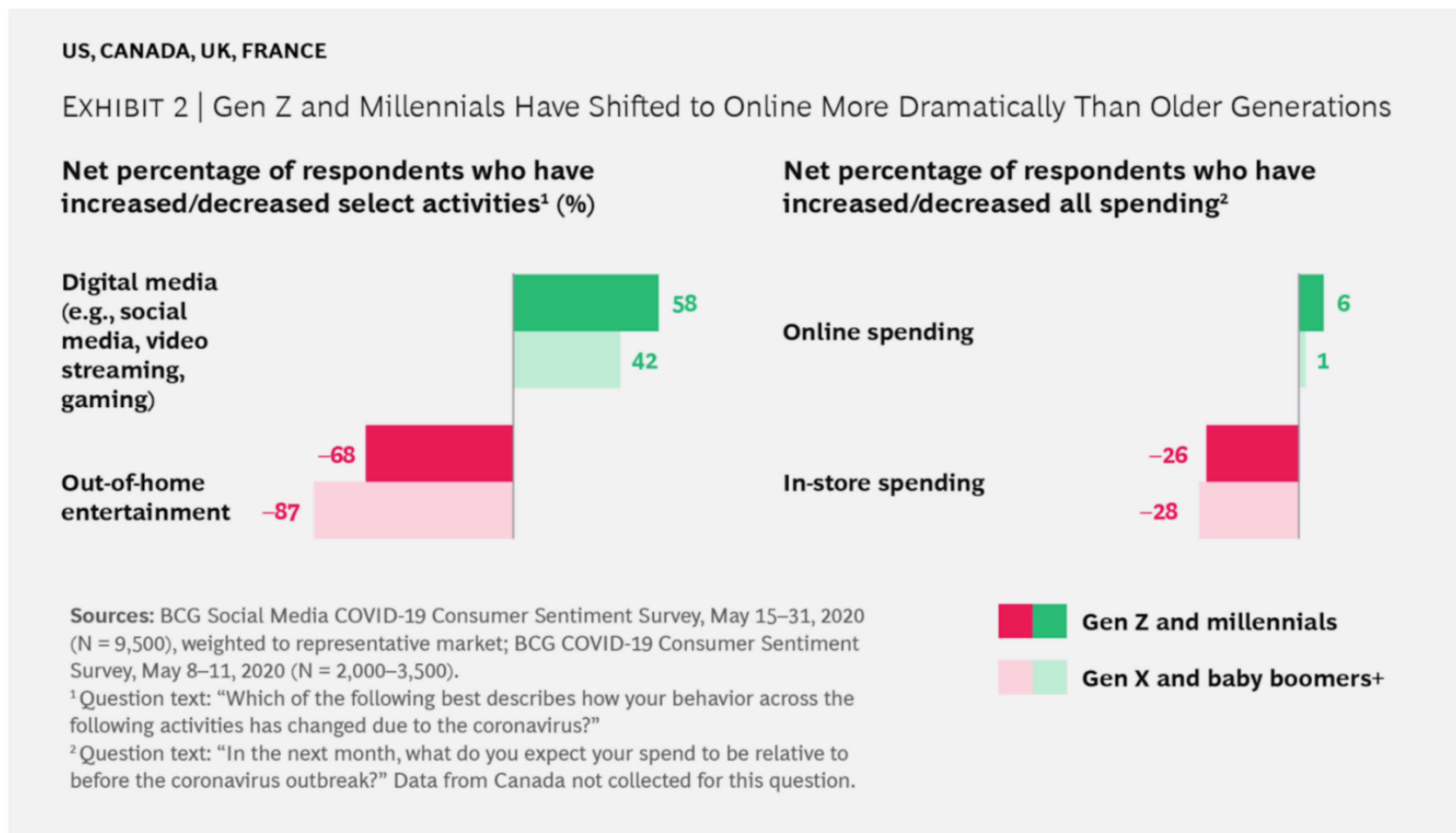
“The child labor possibility increased during the COVID-19 pandemic: which poses very real risks of backtracking. As economic contraction reduces opportunities in the labor market for parents, it can push their children into hazardous and exploitative work. The COVID-19 crisis is causing an unprecedented drop-off in economic activity and working time.¹⁵ Global working hours fell in the first quarter of 2020 by an estimated 4.5 percent compared to the final quarter of 2019. This adds up to approximately 130 million full-time jobs, assuming a 48-hour workweek. Global working hours in the second quarter are expected to be 10.5 percent lower, equivalent to 305 million full-time jobs.”

Covid-19 has caused great losses to the global economy and society. Restoring productivity, Global trade networks and domestic industries will be a huge challenge for the international community, while health care systems and social safety nets will face huge reforms. We are at the crossroads of history. The social, cultural and economic trends after the epidemic will affect the development of the future for a long time. Reconstruction is undoubtedly difficult and challenging, and our generation will be the pioneers in the reconstruction work to shape a new era. Also in the face of great challenges, we also get opportunities.

The globalization was indeed shaken, but it will not end. Global value chains follow the principle of efficiency. "They are the result of enterprises purchasing as many inputs as possible at the lowest cost in order to meet the needs of production, regardless of where these inputs come from. This is good news for the survival of globalization." While efficiency remains the main goal, businesses will continue to shop globally. No one can predict the next crisis. However, by far the most reliable and effective insurance is to establish a strong network of international cooperation. We should continue to be confident in the international market.



Sorce: Coronavirus won't kill globalisation – but a shakeup is inevitable
 New Business Opportunities Are Emerging With The Shaken Of Existing Industries. In the past few months, “e-commerce has grown faster than it was a decade ago, with r etail sales jumping from 16% to 27% in the US and from 18% to 30% in the UK. The e ntire product and service categories have been destroyed, while others have prolifer ated. In March and April, U.S. tourism sales fell 90 percent, department stores fell mo re than 50 percent, and takeaway sales surged 90 percent.”



The new type of e-commerce is likely to take advantage of this opportunity to expand rapidly, just like the e-commerce in China after the SARS pandemic. After the outbreak of SARS, the popularization rate of e-commerce in China has increased FIVE times.

1997-2009: B2B电子商务服务企业数量增长图



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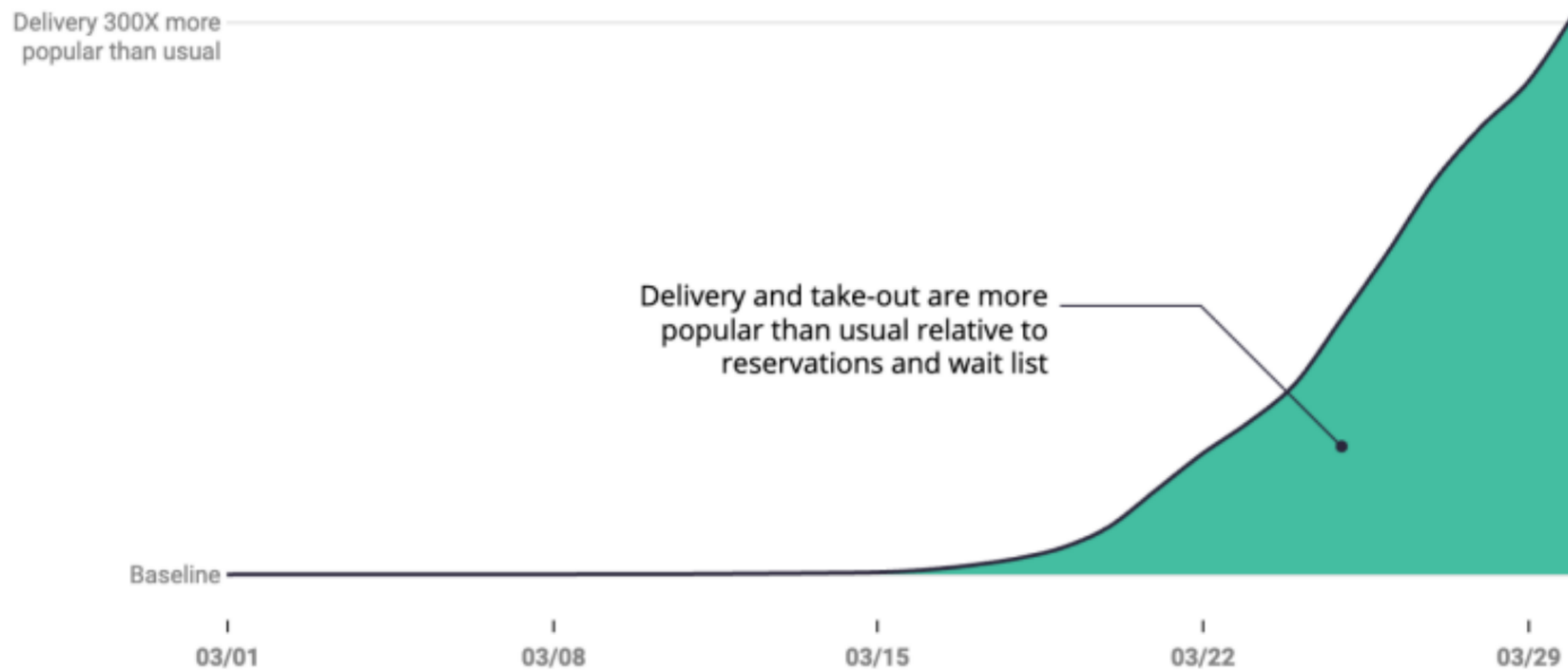
Source: WWW.TOOOLE.COM

The rapid rise of e-commerce will open more space for online store operators in Europe and the United States, and will effectively promote the development of e-money. The real currency will inevitably accelerate its depreciation. More convenient and safer new payment methods will appear.

“Restaurants that specialize in delivery and takeout appear to have weathered the storm better than food businesses that until a month ago were focused more on dining in,” Yelp’s report said. “Delivery is 300x more popular than usual.”

Delivery and Take-Out are Replacing Dine-In

Change in relative popularity* of delivery and take-out searches vs. dine-in on Yelp



*Calculated over prior 7 days.

Source: Yelp
Chart: The DataFace

The takeaway industry is very likely to radically change people's eating habits. With the development of takeout food, larger and more specialized takeout companies are likely to appear in the U.S. market in the near future.

Work Cited

Du Jon, Delis Agelos, Douch Mustapha, Oleksandr Shepotylo Coronavirus won't kill globalisation – but a shakeup is inevitable May 23,
2020 6.32pm AEST

Ethan Wolff-Mann Coronavirus: Food delivery is 300 times more popular vs. a month ago,
according to Yelp data April 3, 2020

Other citation is on Pictures