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ENGINEERING AND MANAGEMENT

Impact Of Covid-19 Crisis on The Economy in China

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Impact of Covid-19 Crisis on The Economy in China

Introduction

This particular paper intends to know the impact of covid-19 on the economy of China. Coronavirus was announced officially in China in the year 2020 by the world health organization. After an outbreak of a disease with pneumonia-like symptoms started taking lives in Wuhan, the capital of Hubei province in China. Various authorities and the world health organization imposed various measures to help curb the spread of the virus. These measures included lockdowns, self-isolation, and social distancing, which led to a ban of all social gatherings, travelling and closure of borders.

The preventive measures imposed after that impacted the economy of China and the entire world. The study analyses the economic impact made by covid in the year 2020 during the first quarter of the year. Researchers by various economists and media show the negative impact the crisis caused in various arms and segments economy in China and the world at large. The study also analyses the policies and measures taken to revive the economy and consider the public in terms of health and employment. Also, the study analyses the long-term and short-term impacts of the pandemic on the economy.

Problem Statement

Despite the immense control measures imposed by the government and the United Nations world health organization, the virus rapidly spread, causing an unprecedented crisis in China's economy. Therefore, the control measures imposed by the world health organization impacted the country's economy, among other factors. Since the virus was spreading rapidly all over the country and overseas, everyone in the country exercised measures like lockdowns and curfews. The government and the health authorities believed that social distancing was the immediate control of airborne diseases before scientists came up with a suitable vaccine. The diseases have impacted on Chinas economy from the reports on their gross domestic product and poor returns from the small businesses in the country.

Moreover, the closure of all their ports and airports hindered exportation and importation, thereby affecting the country's economy further. Poverty also went high in China since most people were furloughed while others were laid down from their respective areas of work. Small scale businesses were closed among other companies and other organizations, with the hospitals being the only functional institutions in the country during the first quarter of 2020. COVID-19's proliferation, on the other hand, has had an impact on a wide range of industries. Concentrating solely on the medical and health sectors has its drawbacks. The best solution the Chinese government would have taken is to seek advice from economist will so much experience to help them in decision making in times of crises. Instead, the government only took the advice from the health organizations it decided to follow, neglecting any other decision. According to some analysts, China's reaction measures and lowered demand flexibility can reduce the epidemic's lengthy economic impact, but service sectors such as, entertainment, tourism, and transportation will experience an eighteen percent decline in the short run. Doing this would help the government to consider its economy as much as it put measures to consider public health.

Purpose Of the Study

This study aims to examine and analyze the impact of covid -19 on the Chinese economy and the world at large and the policies implemented.

Research Questions

The research is based on the following research questions.

1. what is the Background information?
2. How does COVID-19 affect the world economy?

Financial markets: Panic spread, and global financial markets fluctuated sharply

Trade: traffic control, movement control, consumer demand decline

The supply chain

Transnational investment

3. Macroeconomic impact of the epidemic in China

The production side, the demand side, the financial market

4. What are the impacts of important policy adjustments under the epidemic situation?

Literature Review

Covid-19 pushed China into recession. The pandemic saw Chinas gross domestic product drop by a huge margin. In 2020, it was the worst impact on the country's economy compared to the previous economic crisis. The economic crisis mounted from Wuhan, the capital of Hubei province, where it was first discovered to the rest of the provinces in the country. The disease spread like a bush fire in the first months of the year, which made the government understand that everyone would be a victim of the diseases. Everyone was vulnerable to the virus, from young children to adults and old age, but it had different impacts on each of them (Brodeur et al., 2020). The sharp rise in new infections led to the government imposing measures to contain the virus. The country's economy was expected to contract with a big margin due to the measures chosen and advised by the health authorities, scientist and world health organizations. Scientists believed that the rapid spread was being caused through the air once an infected person exhaled droplets in the atmosphere. Hence one would be infected if they breathed in the droplets.

Therefore, the world health organization declared the disease a pandemic after deaths started being recorded in China, the control measures were made effective. Social distance was an ideal measure at the moment since the disease was new and there were no vaccines.

Therefore, as the scientists were busy in the labs, the government imposed total lockdown and travel bans into and out of China (Brodeur et al., 2020). Most of the organizations and firms were affected due to man labor, and hence their activities were stalled as well. On the other hand, the exports and imports were affected since no more ships docked and left their ports. Moreover, the major air transport systems were halted. This saw many individuals in the country experience a shock due to unemployment as others closed their businesses as they would no longer be functional with the lockdown put in place. Multinational and transnational investments were also greatly affected since they were still required to account for their business licenses and permits and pay taxes despite the situation.

Several other sectors were affected that impacted the economy indirectly. The crisis came at a time when the country was expecting to celebrate their new year festivals. The festivals contribute to the country's gross domestic product and facilitate income to the locals due to a large number of tourists who turn up in the country. Moreover, several people had travelled from their respective areas of work to other parts of the country for the same festival (Hoque et al., 2020). The pandemic came unexpectedly since most were neither prepared while travelling and had to remain at places they had travelled to until the lockdown was over. The pandemic was a major blow to the Chinese citizens since the live animal's markets were all closed, with people who put their hopes on the business being left with nothing to do but stay at home. Covid -19 posed a major shock on the Chinese government as it had to allocate its funds on the pandemic and put all the department's standby in funds. The government, therefore, had to invest in building hospitals or rather increasing the medical facilities since the number of patients was rising every day.

Due to congestion in the existing facilities, the government was forced to allocate funds immediacy in building facilities and further addition of medical equipment. A fall in remittance was also noticed in the country, with the locals suffering due to unemployment. China is believed to among the few countries in the world with a huge gross domestic product, and therefore, all the media eyes were on both China and the United States of America (Hoque et al., 2020). The two countries were on a trade war before the emergence of the pandemic, with the current presidents triggering it. This had already affected China in terms of supply of their manufactured products to the companies in the United States due to the increased tariffs of all commodities being imported from China. In the wake of covid-19, it was another major blow to China as they could not export to any other country in the world. Covid -19 having originated from China, every nation was so cautious from allowing the giant manufacturers from entering their country neither their commodities.

This saw their multinational companies, which had contracts, businesses, and investments, return to China since the pandemic had become unpredictable and they were already receiving criticism from the locals. The foreign direct investment in China was also not able to come to their aid since every company, including those with the most shares, was in for their help. The supply chain in the country was as well affected as there were no drivers around for the trucking companies (Padhan and Prabheesh, 2021). China is among the best exporters of seafood, but since the virus arose, no one in the Wuhan city wanted to be involved in the business due to fear of contracting g the virus. This was a huge blow to the country's economy as well. Chinas gross domestic product is contributed by three sectors which include the tertiary industries, the primary industries and the secondary industries. The tertiary sector comprises the service sector, which generates quite a huge amount for the country through tourism and travel.

The secondary sector entails the manufacturing and construction industry in both China and overseas. The primary industry comprises the agriculture sector and the exportation of seafood. The sports sector is another indirect contributor to the country's economy. The sports industry is connected to the tourism, travel and hospitality industry, and media and communication (Hoque et al., 2020). Therefore, the cancellation of the major sports activities that were scheduled to happen, like the Tokyo Olympics, Copa America and the euro 2020, affected Chinas economy in one way or the other. Another factor affecting the country's economy was the rapid spread of the disease to other countries which rely on the country manufactured products. No one would compromise their health with the goods, and hence everyone put a halt on the business until the pandemic calmed down hence the whole impact on Chinas economy being much more massive.

Research Design and Methodology

Data Nature and Sources

To measure the impact of covid -19 on China economy, data was collected from several economic activities which contribute to the country gross domestic product in one way or the other. Some of these activities in China which data was collected from include; foreign business, domestic private sectors, and state-owned enterprises (Verma et al., 2021). Data was collected from the level of impact by covid -19 on the services sector, contributing to approximately fifty-two percent of the total gross domestic product, which contributes approximately forty-one percent and agriculture, which gives its economy approximately eight percent. The multi-regional computable general equilibrium analytical framework for China is improved in this paper to investigate the economic impact of COVID-19 severity and income inequality in containment efforts in various regions and at varying costs in China. Moreover, data was defined from components like exports of goods and services, import of goods and services, government consumption, household consumption, investment in inventories, and investment in fixed capital. Both panel vector and autoregressive models and event study methods were used to compile data collected as up to April 2021 from when the first case was announced in China.

Quantitative analysis of the economic consequences of major public health disasters can provide an appropriate framework for strengthening an economy's vulnerability. Computable General Equilibrium models are commonly used to examine the economic implications of major public health incidents when it comes to quantitative analysis methodologies. Computable General Equilibrium estimates long-term impact takes into account, analyzes capital changes as a result of an epidemic's disruption, and capital accumulation (Verma et al., 2021). Some researchers developed a quarterly computable general equilibrium model to depict the short-term effects of outbreaks on a quarter-year time frame in order to differentiate between immediate shocks and ongoing effects.

Event Study Method

This is an approach taken to get the valuation effects of a crisis or a pandemic. Data is collected by verifying the responses by others sources on the economy of China. Covid-19 is such a crisis that no one was prepared for, neither did they expect such outcomes from it (Verma et al., 2021). Therefore, in this study, the impact or rather the influence of covid-19 will be measured in China and other parts of the world. The event study method is ideal for studying the incident and achieving the goal, considering that the disease originated from Wuhan in China and spread rapidly globally.

Chapter One: Background of The Study

Health Information of Coronavirus

Coronavirus disease, also described as the covid 19, is a newly discovered disease that affects human beings and is caused by the coronavirus. Coronavirus was discovered in Wuhan in China on thirty-first December 2019 (Singhal, 2020). The world health organization was notified of the case, which appeared to be like pneumonia or flu-like. On January seven, 2020, Chinese authorities identified the novel coronavirus and later named it 2019-nCoV but temporary (Johnson et al., 2020). According to scientists, coronavirus was from a zoonotic origin, mostly the closely related mammals to bats or the bats themselves. Similar cases had been identified in Wuhan years ago when miners working in a tunnel developed similar signs and symptoms (Subbarao and Mahanty, 2020). None of them was lucky to survive to tell the cause of their sickness. Still, they all perished with complications similar to those of pneumonia which affected the respiratory system.

Around march eleven, 2020, the world health organization declared covid-19 as a world pandemic due to its rapidly spreading worldwide. A pandemic occurs when a disease uncontrollably spreads over a large region, just like covid-19 did. The disease began by spreading in the parts of Wuhan where it was first noticed, taking so many lives. Videos circulated on the impact of covid-19 in the region, with individuals falling unconscious due to breathing complications (Mohanty et al., 2020). The disease later spread to other parts of China, causing traffic in the hospitals as they experienced the inadequacy of health experts, infrastructures, and medical equipment. This was when the United Nations world health organization declared the disease a pandemic.

Coronavirus was not new to the scientists as they described it as a disease mostly in animals like camels and cattle, but rarely did it spread from them to human beings. They, therefore, concluded that the strain came from the bats, and other researchers suggesting that it originated from pangolins. The earliest case in Wuhan was around a seafood market, and it was believed that is where the disease began spreading from one person to another (Subbarao and Mahanty, 2020). After the disease had been declared as a global pandemic, a governmental authority by the name center for disease control and prevention came up with a measure that everyone was supposed to cover their faces with cloth face masks in places where maintain social distance was close to impossible (Johnson et al., 2020). They suggested that it would have helped control the rapid spread of the virus from people who did not know they had contracted it and those who were asymptomatic. Individuals were instructed to wear face masks as well as maintain social distancing.

Covid -19 is spread from one person to another when the infected person coughs, sneezes, or breathes out, expelling some microscopic droplets with the virus in them. The non-infected person hence breathes in the droplets with the virus and therefore causing the infection to occur. Close contact of fewer than six feet with an infected person may lead to the spread of the virus to a person who has not covered their face. Moreover, several people do not show the signs but still contract the virus, showing ten percent of the infections are spread in that manner (Krishnan et al., 2021). However, the virus is spread from breathing in the droplets and from touching surfaces or objects on which the viruses have landed. If a non-infected person touches the surfaces, then later touches their mouth, nose, and eyes, the virus is likely to spread.

The virus may not be that serious since several people contract it and get healed with any prescription or examination by a medical expert. However, it causes severe symptoms to others hence leading to breathing complications followed by death. Reports suggested that in one thousand and ninety-nine individuals confirmed to have contracted the diseases in China, about sixteen percent of them were severe. Moreover, approximately four percent of those confirmed with the diseases could not survive, hence their death in China (Subbarao and Mahanty, 2020). Scientists suggested that the coronavirus disease was more deadly than influenza from the number of deaths experienced in China.

People expected to be at a higher risk of the virus are the older adults accompanied by those with medical conditions underlying within themselves. These health conditions include heart and lung problems, cancer, diabetes, and high blood pressure. According to the center for disease control and prevention department, children who happen to be affected by covid-19 show no symptoms (Krishnan et al., 2021). This was proved y statistics showing the number of adults developing infections to the number of children. Only children with underlying health conditions show symptoms and may risk severe illness and later death (Woods et al., 2020). However, the covid-19 symptoms begin to exhibit themselves in an infected person after two to fourteen days. Some of the symptoms they experience are chills, fever, coughs, fatigue, headache, sore throat, runny nose, breathing difficulty, diarrhea, vomiting, nausea, and muscle pains.

Covid-19 spreads through the fluids expelled from the respiratory system into the atmosphere. Therefore, the non-infected person then breathes in the droplets, making it easy to contract the disease. The center for disease control and prevention came up with ways to help reduce the rapid spread of the virus (Subbarao and Mahanty, 2020). People were asked to wear face masks when in public, avoid touching their mouths and nose, covering their mouths while sneezing or coughing, and regularly washing their hands (Singhal, 2020). While in public, people are advised to stay at home, if possible, wear face shields or masks when in public, avoid contact with other people, objects, or surfaces and stay at least six feet away from others while in public. Moreover, the health experts advised anyone who develops symptoms should stay at home and self-quarantine themselves (Woods et al., 2020). Hence, they should seek medical advice from doctors while still at home and only leave the house when the symptoms have gone away.

Background Of Coronavirus in China

It is believed worldwide that the disease originated from China since they were the first country to register and announce related cases to coronavirus. After China reported to the world health organization the pandemic on December 31, 2019, several cases began to be reported all over Hubei province in China, other parts of China, and other parts of the world as well (Burki, 2020). Hubei province is believed to be the home of approximately eleven million people selling seafood to other parts of China and the world. By January seven, 2020, a new virus named 2019-nCoV was reported in Wuhan, the capital of Hubei province in China. Later on, on January nine, 2020, there was a reported death of a sixty-one-year-old man who had visited the human seafood market. The man was believed to have succumbed from covid-19.

Weeks later, as of January thirty, 2020, a significant number of individuals had contacted the virus in China. An approximately seven thousand seven hundred and thirty-six cases were reported to have developed the symptoms, with another twelve thousand one hundred and sixty-seven suspected cases. Most of the cases were reported from Wuhan. From the affected number that was recorded few weeks after its emergence, approximately one thousand, three hundred and seventy were severe cases where one hundred and seventy out of them succumbed to death (Burki, 2020). It had become a worrying factor since the number of deaths recorded was barely a month after the infections. Another eighteen cases were reported from other countries during the same month, whereby only seven cases had no history of traveling to China, but the rest had.

From the results obtained in China by the end of January 2020, the world health organization declared a public health emergency of international concern. The virus spread rapidly in China, with most of them being believed to be asymptomatic therefore showing mild or no symptoms (Burki, 2020). Therefore, the health authorities in China identified a novel as a severe acute respiratory syndrome from the symptoms types of complications it was associated with.

General Effects of Covid-19 On China

Covid-19 caused some critical challenges to both the government and the individuals of China after it arose. The transmission of the pandemic resulted in social, economic, legal, political, and cultural factors, which led to various challenges in the country. It is believed that several individuals lost their lives not directly from the pandemic but the factors resulting from the pandemic. For instance, the old aged who used to visit hospitals for their regular checkups could not due to fear of contracting the virus. Moreover, the facilities were full, therefore facing complications while at home.

Economic Factors: the Chinese government was caught unprepared for the pandemic, and its financial inability to protect the whole nation during the quarantine was not enough. Therefore, as much as the government put a total lockdown in their streets and cities, most people could not because they needed to wing bread for their families (Yezli and Khan, 2020). Therefore, this rendered the social distancing measure impossible since the government could not feed everyone in quarantine. Hence, the control measures were impossible since social distancing and self-quarantine were measures to eradicate the virus. Moreover, if the government decided to feed everyone who was in quarantine and especially in the modern cities, the supply chain would, however, lead the country to a crisis due to the resources that would be required.

Other economic challenges that were experienced were, for instance, unemployment, as not everyone would work from home since some took technical jobs which required hands-on skills. Reduction in the exchange of resources with other countries and higher inflation were other economic challenges faced by China (Abbas et al., 2019). Another main challenge was the ability of the government to give the health department funds to supply medical equipment, pay the health personnel, and increase their health infrastructures.

Social Factors: social factors were mainly experienced back at home due to the quarantine. There was increased domestic violence, physiological issues, mental illness issues, verbal and physical disputes. Most of them resulted from intimacy and empathy among the family members. Staying at home for a long time resulted in other challenges among the family members, like lethargy, depression, exacerbation of previous illness like anxiety, diabetes, stress, and hypertension (Paital et al., 2020). Moreover, adequate consumption of antiseptics in the name of controlling the virus led to respiratory infections. Other problems encountered were loneliness among the aged and the children resulting in mental illness and committing suicide.

Cultural Factors: the pandemic led to smuggling and hoarding of food and health products due to poverty, desperation, and hunger. Moreover, other social activities were affected, such as games, worship areas, and entertainment (Abbas et al., 2019). China is recognized for their culture and how they embrace it on its streets and cities, but it was affected due to quarantine measures. The Chinese New Year, which begins on January twenty-fifth, was also affected due to lockdown, measures which restricted any kind of social gathering in the country. Under normal circumstances, an approximation of three billion trips would take place into China due to their new Year celebrations. Still, these were some of the cultural factors that were affected.

Legal Factors: there were no rules in the health sectors due to a lack of participation by the private sectors in the semi-clinical services (Mubeen et al., 2020). Poor use of the disinfectants, among other drugs at homes and in public in the cities without supervision, led to harm to the environment and destruction of public property. For instance, spraying and disinfecting the streets could harm or affect individuals, plants, and animals.

Measures Taken by China to Contain the Pandemic

China tried its best and as quickly as possible to contain the virus by integrating several measures on their citizens. Live animal markets in the whole country were suspended until the situation was contained and other measures like sanitization and fumigation were done. Major cities, including Wuhan, were put on total lockdown, whereby individuals were not allowed to walk in the streets either attend social gatherings (Burki, 2020). Private cars were banned in the streets as well as the public transport system was banned. For instance, the trains in and out of Wuhan and other major cities were put to a standstill.

Flights from other countries and inside the country were also suspended due to coronavirus to try to contain it. Long-distance buses, especially in and out of Beijing and Wuhan, were suspended from respecting the quarantine measures. The Chinese New Year, which begins on January twenty-fifth, was also affected due to lockdown, measures that restricted any kind of social gathering in the country (Burki, 2020). Under normal circumstances, an approximation of three billion trips would take place into China due to their new Year celebrations. Still, these were some of the cultural factors that were affected. The education system in the country was also affected, with the government ordering all the schools and universities to remain closed until the pandemic was contained.

Chapter Two: Effects of Coronavirus on The World Economy

Almost every country every year is affected by a pandemic internally. However, things were different in the year 2020 after the emergence of coronavirus, which affected the whole world simultaneously (Abodunrin et al., 2020). Coronavirus brought everything to a standstill, not only the political activities but also the economic activities (Lora et al., 2020). The pandemic since then has hindered a lot of economic activities in almost all the countries in the world as they try to combat and curb the virus. All the countries decided to halt all their economic activities as they focused on the covid-19 diseases that were earlier on spreading rapidly. Covid-19 shocked the global economy so fast compared to other crises, for instance, the great depression and the global financial crisis in 2008. It was observed that the gross domestic product went down with an annualized rate of ten percent or even more in most countries, whereas unemployment rose above ten percent.

Moreover, due to the pandemic, the stock markets collapsed by about fifty percent, bankruptcy among many was experienced, and credit markets froze up as well (Usman et al., 2020). United States of America's stock market, which is believed to be the strongest, plunged within fifty days, whereby it declined with a margin of twenty percent from its peak (Abodunrin et al., 2020). This has the fastest decline ever experienced in America's stock market. However, the Americas Treasury secretary warned that the global economy would be affected further by stating that unemployment could rise to twenty percent (Lora et al., 2020). America's economy has always been praised as the leading economy in the world but according to financial firms like Morgan Stanley and Goldman Sachs say that its gross domestic product was likely to go down by an annualized rate of six percent and up to thirty percent in the second quarter of the year.

The pandemic directly impacted the socio-economic status of the globe through the loss of skilled workers. Most skilled and experienced workers were either laid off due to the pandemic or sent home until further notice. Companies and organizations also experienced reduced labor, loss of activists and key staff members. All these were factors that led to poverty and a negative impact on the world's economic growth at large. For instance, components in the socio-economy, capital spending, consumption, export supply chain, and transactional investment, were all subjected to a free fall (Abodunrin et al., 2020). The contraction in most components has now been represented by an I shape a vertical line downwards. This says how the financial market s and the real economy graph are a vertical line downwards. Other economic challenges that were experienced were, for instance, unemployment, as not everyone would work from home since some took technical jobs which required hands-on skills. Reduction in the exchange of resources with other countries and higher inflation are other factors that saw the global economy experience a free fall.

Some of the countries that were hit are Italy and China. Both country's health was overwhelmed, with the countries shutting down their retail economy and quarantining the entire country due to the spread of the virus. In Italy, for instance, all the stores and shops were closed apart from the pharmacies and the groceries (Usman et al., 2020). The economy was further affected, with public and private debts suspended since very few people went to work and hence no income. In Germany, the deaths were not as high as in Italy, but their socio-economy was also affected (Abodunrin et al., 2020). In Austria, all the transport services were halted, accompanied by the closure of the Italian border. Public events and learning institutions were closed as well until further notice. Almost all Countries in Europe shuttered their schools, shops, and restaurants, hence ordering everyone to stay at home. Therefore, the world economy had been affected through various sectors globally, for instance, the financial markets, the trade, supply chain, and transnational investments. Flights from other continents and inside Europe were also suspended due to coronavirus to try to contain it. In Europe, all social gathering activities, including sports that act as income sources, were also suspended as most sports were played without fans in the stands.

Impact Of Covid-19 On Global Financial Markets

Covid -19, unlike other crisis, pandemics, and disasters, it has caused a huge impact on the global financial market due to its rapid spread (Zhang et al., 2020). The impact has been felt globally, with all countries being affected in one way or another. Covid 19 has resulted in investors risking and thereby suffering losses in a very short period. The financial market has been greatly affected, beginning with the commodity market for stance gold, crude oil, bonds, cryptocurrency, and stock (Al-Awadhi et al., 2020). The major events that arose during the pandemic due to its negative effects were Russia- Saudi Arabia oil price war. Organizations of the petroleum exporting countries failed to reach an agreement, resulting in the stock market crash and contraction of the crude oil prices in march 2020.

The rapid spread of the coronavirus saw Asia, Europe, and America being subjected to lockdown. Therefore, this made the credit rating, financial country experts, and the financial economist rush to rearrange their strategies due to the unexpected crisis. The crisis was described as the greater financial crisis by some financial advisors like Nicolas Firzli, who happens to be the advisory board member of the world bank (Al-Awadhi et al., 2020). He also said the pandemic was going to showcase the many loopholes in the geopolitical and financial dysfunctionalities. European Union countries, for instance, France, Spain, and Italy were made to impose short-selling bans due to the pandemic.

According to the organization for economic cooperation and development, many countries were burdened with debts. Moreover, the accommodative monetary policy and the low cost of borrowing during the pandemic facilitated the unexpected issuance of debts to corporates. Economic cooperation and development warned corporates that if the pandemic persisted, they had no choice but to reduce employment and general costs to stand the insolvency pressures (Al-Awadhi et al., 2020). The pandemic was so unprecedented, with companies that were already weak before the pandemic was then destabilized.

Impact on the stock market

The rapid spread of coronavirus in China was followed by a sharp fall of the stock market index and the stock index in Europe. The stock market crash began on February twentieth and came to an end on April seventh in 2020. After the indices in Asia who are the sole manufacturers of most products consumed in Europe, this fell sharply (Fernandes, 2020). However, it was interesting to see the price of oil fall and the price of gold rice. Various united states of America stock markets posted their indices also fall. However, the curve did not return normal until the federal open market committee on the third march brought down the federal funds rate target. The world economy was experiencing a synchronized slowdown, as was reported by the international monetary fund. Such an impact had never been experienced before, with the closest one being in the year 2008. Due to the pandemic, loopholes began to be witnessed in the consumer market since the manufacturing activity has been lowered.

Usually, if the normal flow of economic things is disrupted in a country, the first thing that comes to the minds of many in the stock market. This is because it is always the first reflection of every market event and affects every sector they happen to be related to (Baker et al., 2020). The strongest and most active stock market is that of America, and during the pandemic, it was the main focus of the media. The American stock has never experienced a synchronized slowdown due to any other pandemic that ever occurred. Not even the Spanish flu, which was worse than covid-19, but neither did it have such an impact. Therefore, between March and February 2020, there occurred eighteen market jumps due to covid-19. This was the highest number of jumps in American history that ever affected their stock market.

Economists and financial experts predicted that the jumps would be around fifteen to sixteen, but instead, it was twenty-three times greater than the average rate since the year 1900(Fernandes, 2020). Hence this shows how much impact the coronavirus caused on the global marketer when relating to the situation in the United States of America. However, the common reasons why the pandemic has such a huge impact were the measures taken by every government with the advice from the world health organization. For instance, the production cuts and the lockdown installed tension within the shareholders, affecting the stock market directly.

For instance, during the worst affected period between February and March, there was a total of six trillion in wealth from the global stock market. Moreover, other indices, for example, S$P 500 index based in America, lost five trillion dollars of their wealth from the stock market (Baker et al., 2020). The top ten largest companies were neither lucky as among the five trillion lost, and their accounts lost a significant one and a half-trillion dollars of their wealth through the stock market. The measures taken to control the pandemic like the monetary policies, lockdowns, and travel restrictions affected the lowest, highest, and opening prices of stock market indices in America and the rest of the world.

Analyzing the stock market in America, economists analyzed and juxtaposed other stock markets of the major economies in the world. For instance, during this period of February to March 2020, the stock market of both Germany and the United Kingdom was worse than that of the United States of America. The year-to-date stock return in Germany was thirty-three per cent, whereas that of the United Kingdom came to thirty-seven percent. However, the lowest recorded year-to-date stock return was that of Columbia and Brazil, which was negative forty-seven and negative forty-eight percent, respectively. The main reason was due to the lockdown, and hence the organizations and the companies were short of employment. Hence, this resulted in a lack of production and a significant loss in shares' value, which affected the stock market (Fernandes, 2020). Moreover, it impacted various sectors, with the worst-performing being coal, gas, and oil, which has made a fifty percent negative return. The leisure and travelling industry came in second, recording damage of forty percent negative return. The list included the media, mining, aerospace, and the bank sectors, which were also affected, making a loss of thirty percent in their returns. All these stock market outcomes due to the covid-19 pandemic negatively impacted the global financial markets.

Research on the systematic risks and country-specific risks caused by coronavirus on the global financial market was conducted, with the results were termed dramatic. This was proved by the United States of America's stock market, which hit four times the circuit breaker mechanism in ten days. This was dramatic since it had hit only once since it was introduced in 1987 (Baker et al., 2020). The pandemic did not only impact America's stock market but also on other continents, with Europe and Asia being significantly moved. The forex trade stock exchange index dropped more than ten percent in the case of the United Kingdom. In Asia, for instance, the stock market index of Japan went down up to twenty percent compared to its values in December 2019. It was identified how much the pandemic impacted the risk level in all countries, increasing between February and March 2020. Various studies on the impact of the pandemic on the stock markets globally concluded that it had made a very big economic loss due to its uncertainty. It also made the stock market unpredictable and highly volatile than ever before.

Table one shows the impact covid -19 made on the stock market in various countries from when the first patient was officially announced. The most affected country in terms of the stock market was Germany, Italy, Spain, India, Hong Kong, and America. The list on the second day increased as Japan, France, South Africa, Singapore, and China were as well affected**.**

Table one: abnormal return in the stock market.

Index	Event day	One day after event day
S&P 500 US	0.014289	−0.010933848
FTSE 100 UK	−0.00082	0.002562156
FTSE ITALIA	−0.01402	0.017138901
NIKKEI 225	0.000978	−0.016995154
STI	0.00035	−0.018035447
NIFTY 50	−0.00079	0.000124051
DAXI	−0.01765	0.013993866
IBEX	−0.00352	0.011382407
HANG SENG	−0.00887	0.002936777
SSE	0.011992	−0.00359154
CAC40	0.015291	−0.018028807

Index	Event day	One day after event day
SA40	0.005076	−0.01715256

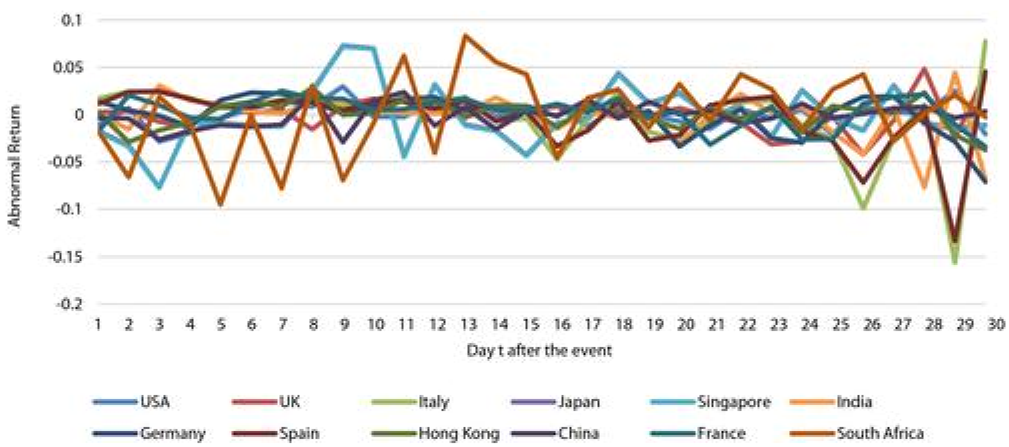


Figure one: difference in the abnormal return.

Figure one shows the change in the main indices after the first patient was officially announced. The figure shows how the indices changed in every country, with the worst-hit continents being Asia and Europe.

Impact Of Covid-19 On Global Trade

Covid -19 made a negative impact on trade at the country's level and changed globally. This was inevitable since the pandemic made as hock from both the consumer and the supply side. Both sides registered some negative results hence a country's import demand (Baldwin, 2020). The import demand is always obtained by the difference between the country's domestic supply and domestic demand. Another impact the pandemic caused was its trading partners and import demand from various other countries. For instance, China being the largest exporter in the world, the impact was significant and relatable to any other part of the world.

The simulations of the negative impact of the pandemic seem identical in all the countries. The pandemic negatively impacted the exports in all destinations and sectors, hence affecting global trade. Hence, each countries impact would be determined by the general composition of their exports and outputs in terms of the destination and sectors. However, the impact would be determined by the country's level of significant changes in comparison to countries they compete in terms of exporting and their trading partners. For instance, due to covid -19, America's exports were expected to drop by eighty-five billion dollars (Berthou and Stumpner, 2021). During this period, the most affected were the export services that required face-to-face interaction, like the tourism sector. The main services export destinations for the United States of America happens to be in the European countries. Still, the services were affected due to lower demands and the imposition of total lockdowns in most countries.

In Asian countries like China, the impact was on the manufacturing of goods as they could not export due to the travel bans. The main markets for China manufacturers, for instance, are the United States of America and the European countries. Another country hit in Asia was Thailand, which exports manufactured goods to Africa, America, and Europe.

Impact Of Covid-19 On Global Trade Due to Movement Control

The rapid spread of coronavirus led to the integration of lockdowns to control and curb its spread. This led to stalling of all or most of the economic activities globally. The global trade was affected by services trade which accounted for almost a quarter of the losses. This was due to the movement control, which led to stalling goods and services globally. Covid -19 resulted in an immediate supply and demanded shock in all countries globally, something many nations never expected (De Backer et al., 2018). Due to contagion fears, and the rapid spread of the virus, many opted to stay at home with minimal movements experienced (Shingal, 2020). This, therefore, resulted in inconveniences on the service transactions, which mostly required physical proximity and could neither be substituted with the internet. Hence most of these services came to a halt since they required proximity between the buyers and the sellers. The modes of service delivery include consumption abroad, movement of natural persons, and commercials presence. Commercial presence is services like international banking ones, and consumption abroad requires buyers and sellers to face. Movement of natural persons is those services that require professionals to be on-site and incorporate transferees.

The effects of social distancing, which led to the imposition of lockdowns, were the largest for the above services, which require physical proximity between the buyers and the sellers (Shingal, 2020). Therefore covid-19 compromised many services as most were drastically affected and others completely stalled. Some of the worst-hit sectors are travel, tourism, restaurants, hotels, and education. Another worst hit sector was the transport system, mainly water and air transport services (De Backer et al., 2018). Transportation of services related to merchandise trade from one country to another was stalled due to the lockdown measures. Moreover, construction and other businesses that required unskilled and skilled professionals to travel across the borders were affected by the travel bans due to coronavirus.

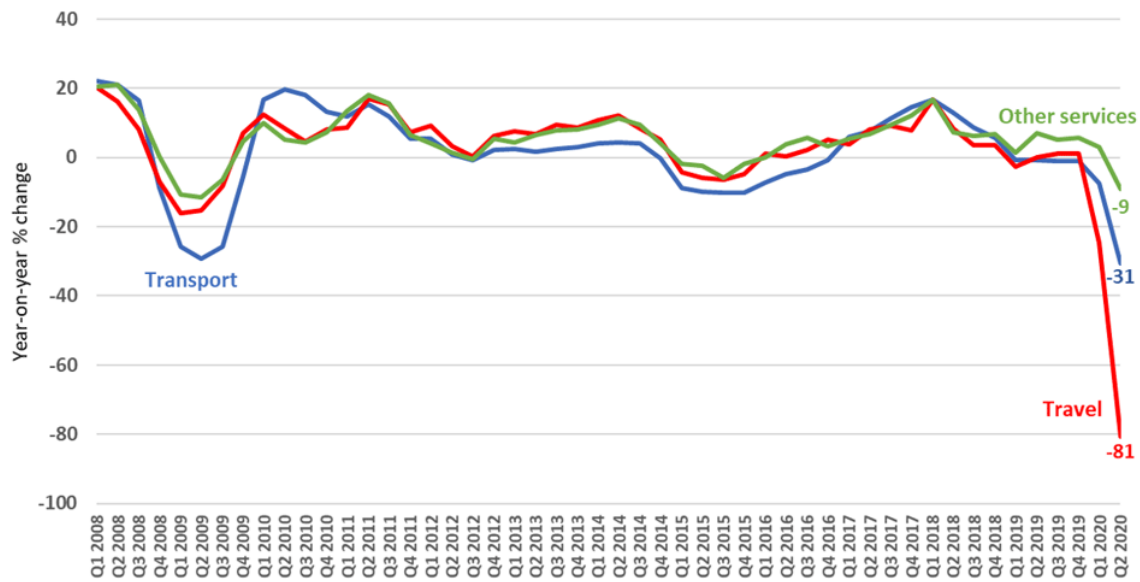


Figure two: figure two shows how the services trade dropped in the second quarter of 2020 when the pandemic was so fresh on the whole. The graph shows a drop in the curve as the movement in and out of countries was stalled due to the imposition of lockdowns and travel bans due to social distancing to curb the virus.

Impact Of Covid-19 On Global Trade Hence Consumer Demand Decline

During normal occasions, consumers had always enjoyed the freedom of purchasing goods and services until when coronavirus arose. Covid-19 brought to a standstill all the economic activities, including trading and manufacturing of goods and services in the whole world (Cox et al., 2020). Everyone back then was optimistic, and gloom brought about prosperity and confidence before the pandemic, but its emergence came with many changes and challenges (Coibion et al., 2020). This pandemic brought about financial insecurities and humiliation since shoppers could no longer purchase from these sellers. During the first quarter of 2020, when the pandemic was so new, the gross domestic product in every country shrank or rather contracted by approximately five percent. This was the worst decline since the year 2008-2009. Moreover, it was much worse than the latter.

Approximately in America, the consumer demand ranges at seventy percent of the United States of America's economy, but during the first quarter of 2020, it dropped by eight percent. This was the worst decline experienced since the year 1980(Coibion et al., 2020). When coronavirus was announced as a pandemic by the world health organization, governments-imposed lockdowns to ensure social distancing was maintained. This led to the closure of several businesses as other individuals were advised to work from home. In other cases, for instance, the aviation workers were furloughed until the pandemic would settle. However, this led to individuals reducing their expenditures since they received no income while others were being granted reduced salaries (Hall et al., 2020). Hence, people avoided purchasing expenses commodities and travelling, which reduced consumer spending and demand due to low incomes.

Everyone then shifted to survival mode, utilizing the little savings they had on food and other essentials. This led to a major blow to the entrepreneurs before they adapted to the new ways of the consumers being cautious on how they spent their earnings. This led to consumers instead negotiated with the governments on the tough moments by asking for high prices to be reduced and seeking value purchases. However, the pandemic was a feast and a famine to different people (Donthu and Gustafsson, 2020). For instance, those who experienced famine, such as cruises, sports, hotels, motels, carmakers, theme parks, and casinos, were bleeding red as they received zero income from the consumers. Most of those affected were those whose earnings were declined and did not have any other source of income, for instance, savings, help from friends and a family, and borrowing from banks or SACCOs (Loxton et al., 2020). Since reduced income results in a reduced consumption rate, this was the case in the first quarter of 2020.

Several effects contributed to a decline in consumer spending and demand. Supply restrictions are one of the effects of travel bans and the restrictions imposed on businesses by social distancing and lockdowns (Hall et al., 2020). Moreover, the supply restriction was also brought about by the effect on the supply chain by the covid-19. Demand changes were another effect of the desire to stay indoors due to fear of the pandemic, affecting businesses like eateries. Increased uncertainty also contributed to consumer demand and spending decline since most individuals deferred unnecessary spending as they were unsure of their next employment or income.

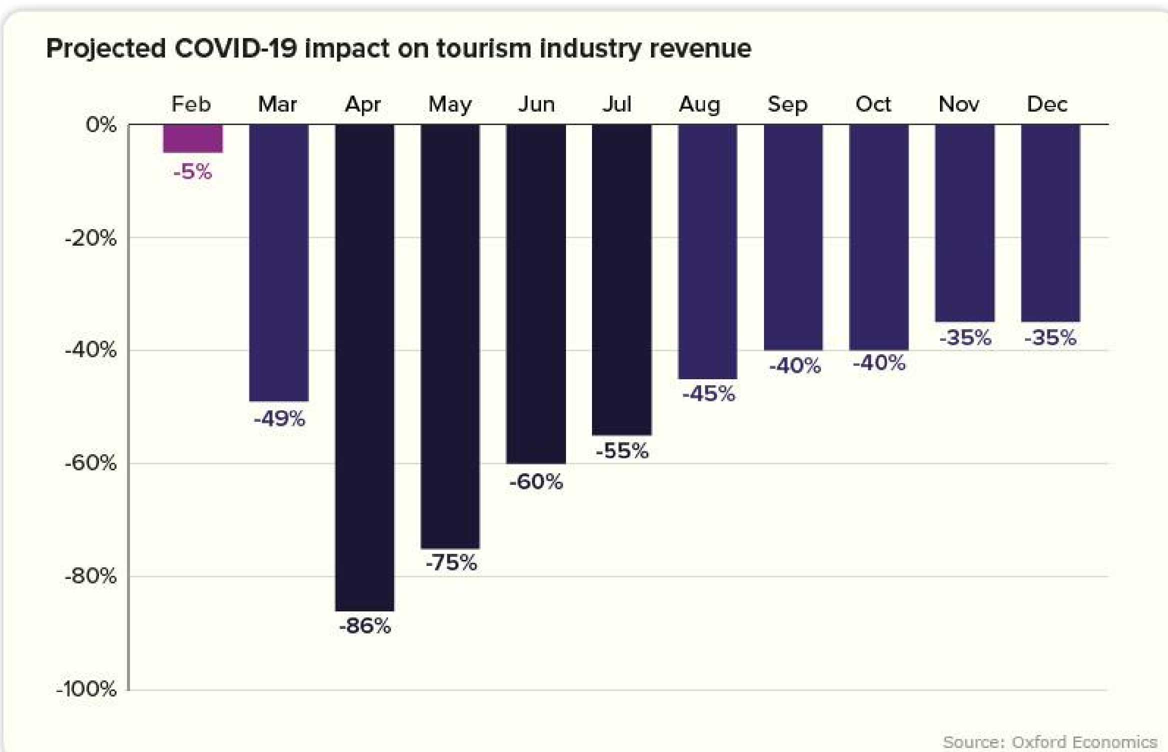


Figure three: figure three above shows how coronavirus changed consumer spending and demand. The figure shows how much big the impact was during the first quarter of the year 2020.

Impact Of Covid-19 On the Global Supply Chain

Due to the closed borders and airspaces and imposition of national lockdowns, coronavirus resulted in an unexpected disruption of the supply chain industry. Globalization has enabled the world's supply and distribution of goods and services to the end consumers sustainable through the supply chain (Singh et al., 2020). However, goods usually have to pass through various procedures and stages before getting to the end consumers. This stage means they have to pass through several barriers and processes from the manufacturing country and those that the cargoes pass through. This is because the supply chain has come into account as it is a major contributing factor to the gross domestic product of the involved countries due to how it is thriving year over year (Goel et al., 2021). However, the barriers that have along with the supply chain industry during the pandemic have neither favored the linkage of essentials like medicine and foodstuffs as they have not been spared. The supply chain involves the logistic companies for the flow, storage, and movement of goods directly.

Due to the travel bans and imposition of lockdowns in many nations, several logistic companies furlough their employees and stall their services until the bans were raised. Logistics have always played an integral part in domestic and international borders by ensuring commerce and trade flows as expected. Moreover, they help businesses reach their products to the end consumers and retailers in different parts of the world. However, the disruption of coronavirus in the supply chain sector could harm the economy's growth, reduce competition between various organizations, and disrupt job creation in various sectors (Singh et al., 2020). Logistics help ensure the connectivity between the markets and the firms through transportation, warehousing, inventory management, and freight forwarding. All these sectors are so crucial for the global manufacturing since it is multi-locational and ambiguous. Various companies solemnly depend on the supply chain industry for their profits. They acquire raw materials from different countries before relying on the supply chain to reach the end consumers and retailers. For instance, the apple company uses two hundred suppliers in forty-three different companies to develop their products.

A positive performance from the supply chain industry results in a positive gross domestic product as well. Therefore, with the covid-19 pandemic, the supply chain was why many nations whose logistic companies are actively contracted. The accountability of logistics in a country can amount to up to twenty-five percent of the total gross domestic product. Therefore, better efficiency in the supply chain industry helps country boost their competition and economic growth smoothly. China, the first country to announce the pandemic, was also the first nation to be affected by the supply chain industry as they are the leading global manufacturing company (Goel et al., 2021). There are at least five hundred firms in Wuhan, which was the epicenter of the pandemic. This means that once coronavirus was announced a pandemic in the country, all the logistic firms halted their duties, affecting both the gross domestic product of China and other countries relying on importing their products. Moreover, China is also a global consumer of agricultural, raw materials, and other commodities from all over the world. Hence all the supply chain activities to the country came to a standstill due to the imposition of the travel bans and lockdowns, therefore, affecting the involved countries' economy.

Disruptions in the manufacturing sectors of China were a major challenge to the supply chains. Because the ocean carriers stalled sailing activities, travel bans led to a lack of truck drivers, the cargo was packed at the major ports, and there was no manpower available (Goel et al., 2021). Moreover, since China could not export its components to other parts of the world, this impacted manufacturing operations overseas. For instance, most firms in the world like the automotive, pharmaceuticals, electronics, and medical equipment rely on the supply chains and consumer services and goods. In other countries, the same case in China still impacted the economy and the logistics sector. For instance, after borders between Poland and Germany were closed in the European Union, trucks made thirty-eight-mile-long traffic in mid-march 2020 (Dhinakaran and Kesavan, 2020). In India, the lockdown led to the shortage of truck drivers hence pilling up cargo containers in several ports in the country.

Covid -19 significantly impacted the freight capacity considering the three key transportation areas: water, air, and land. For instance, in the ocean freight in China, the volume of the containers handled per month dropped in the first quarter of 2020. According to agility logistics, one of the leading logistics companies in the world reported constraints in exporting products in the ocean freight segment. This impacted various importers like the European Union and exporters like Mexico, Brazil, China, and India. According to DHL, a weak demand resulted in ships sailing empty in the routes between Europe and Asia, Latin America, and the United States (Singh et al., 2020). Inland freight, several roads in various countries have been operational, unlike the air and water segments (Dhinakaran and Kesavan, 2020). Although countries registered a high number of coronavirus cases, the trucking capacity was affected due to the imposition of lockdown and social isolation measures to curb the virus. However, the road sector was affected by other major sectors since they go hand in hand.

In the air freight, the travel bans and lockdowns in major European and Asian countries were affected. In the first quarter of 2020, major countries with thriving economies had already closed their borders and airports, disrupting the air freight. However, in the second quarter of 2020, several air freights segments had resumed or showed signs of repurposing (Goel et al., 2021). Domestic-wise, the impact hit hard on the small trucking firms since they did not have recovery plans, backups, and a lack of technology. The big fish like DHL and CEVA declared a clause that would allow their contracts to be declared null and void in case of unexpected circumstances or acts of God like the coronavirus pandemic.

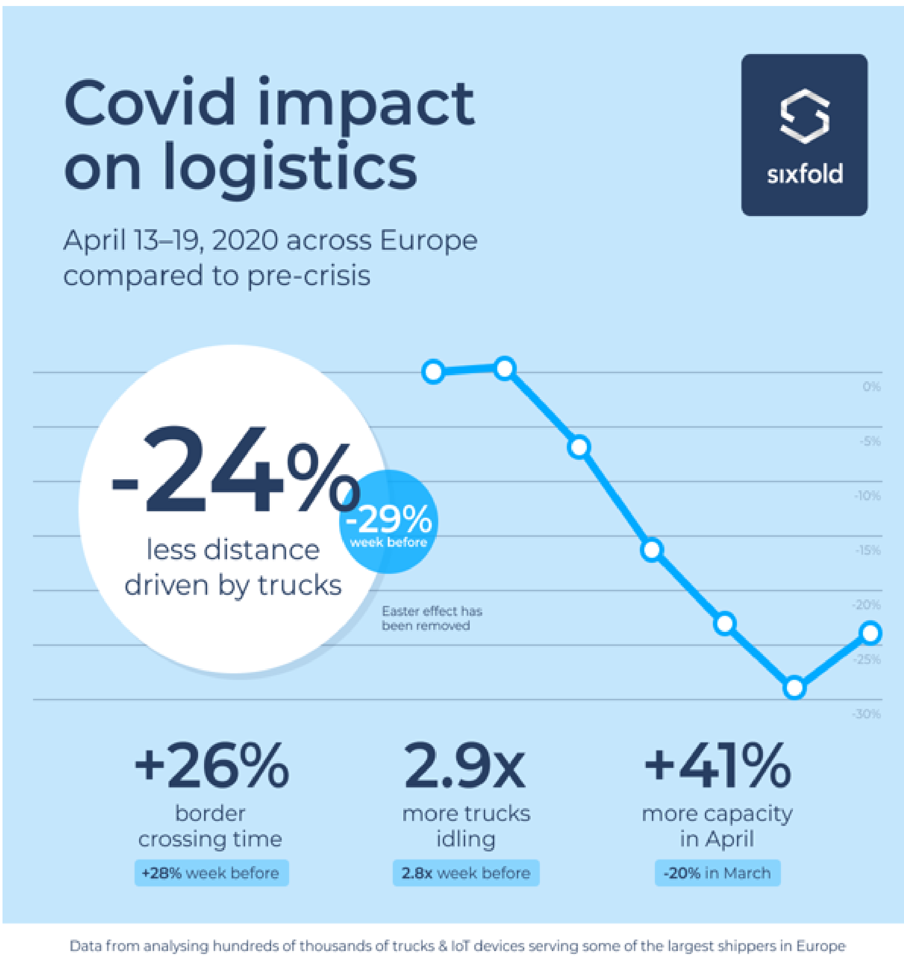


Figure four: figure-four shows the impact of the pandemic on the global supply chains during the first quarter of 2020 in Europe. The trucking firms covered an approximately negative twenty-four percent distance compared to the normal months. This was research conducted sixfold on the trucking system.

Impact Of Covid-19 On the Transnational Investments in Trade

The rapid spread of coronavirus neither spared the transnational companies and the multinational companies, which more or less operate almost under the same policies in foreign countries (Kose et al., 2020). Due to the confidence and disruptions of consumer demand and spending, transnational companies were hence addressing the currency disruption caused by covid-19. The transnational investment was further affected by other impacts like trade, supply chains, employment, movement control, and consumer demand caused by the virus. This forced the companies to revise and restrategize their expectations for the year 2020.

The first quarter of 2020 was a major blow to foreign investors as most of them experienced adverse effects from the pandemic. Over ninety percent of foreign investors n the whole world reported on the impact they received from covid-19 as they watched their net income contract by an average of thirty-seven percent compared to the good days. Moreover, a certain number of foreign investors were forced to furlough their employees as others played them down to reduce the rate of expenditure (Kose et al., 2020). Foreign investors with small companies and firms overseas were the most affected by the pandemic since they did not have backup plans, little security funds, and poor plans and approaches towards pandemics like covid-19. However, those with big companies could control the impact as they had security funds and strategic plans to cope with the pandemic. Some of these strategic plans include the funds to enable their employees to work from home by ensuring all the commodities required to deliver services were available.

Transnational investments that required professionals on-site, for instance, the construction sites, were disputed by the pandemic due to the control measures imposed by the authorities in most countries. Due to social distancing measures, not many firms were able to embrace the measure in their warehouses due to the initial setups of their machines, thus lacking sufficient space to incorporate all the workers. Therefore, these were some of the challenges that transnational investors faced leading to the closure of some businesses as they declared bankruptcy (Kose et al., 2020). Covid-19 led the foreign investors to adjust their strategies, visions, and goals as some could not recover. Those that had backup plans were able to recover despite the economic shock. Some of the long-term strategies that were affected include environmental sustainability, changing the patterns of industrialization, and rising economic nationalism in the invested countries (Alfaro and Chen, 2012). The pandemic saw most transnational investment firms turn to digital marketing that did not require face-to-face deliverance of services and goods. Another strategy used by the foreign investors was incorporating mobile warehouses, therefore, taking their production and supply of services closer to their consumers.

Foreign direct incensement was also impacted by the pandemic, therefore, having little or no decision to make on the affected firms. This was because the governments also took significant policy strategies to help cushion the public health and the economic crisis (McKinsey, 2020). Therefore, the support on the firms by the foreign direct investment on the firms would depend on the success of the strategies the governments incorporated to cushion the public health and the economic consequences. Research has proven that foreign direct investment gave medium and small enterprises support in the previous crises even though the covid-19 one was different (Alfaro and Chen, 2012). However, the impact of covid-19 on foreign direct investment challenges was so intense that they could not support all the firms. This is because most of the companies which happen to be in the manufacturing sector own the most shares in the foreign direct investments hence constricting it from support either of the firms. The pandemic also portrayed the foreign direct investment flows, which were second-highest from those in 2010 due to the global financial crisis.

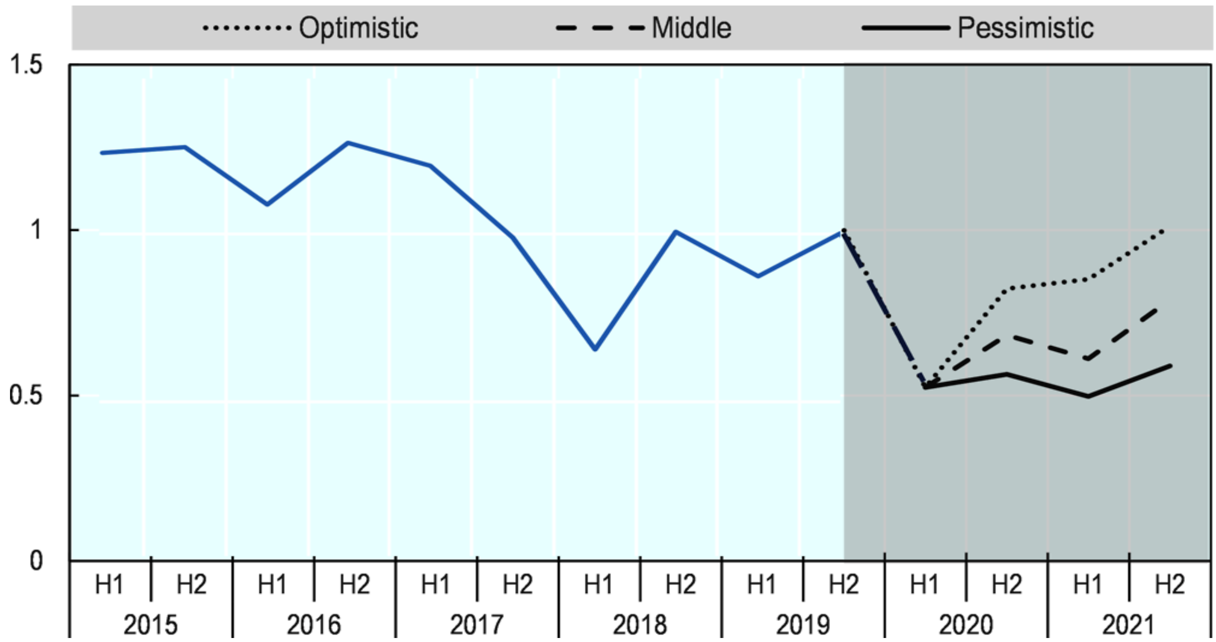


Figure five: figure five shows the flows associated with the foreign direct investments in support of the foreign countries. The graph shows the consistency of effectiveness of economic policy measures and public health.

Chapter Three: Macroeconomic Impact of Covid-19 In China

The primary public health practices impacted the Chinese economy as the government tried hard to curb the pandemic, spreading rapidly across the provinces of China. Hence the pandemic did not impact human health but on the country's economy as well. Covid-19 was the first discovered in China and one of the most dynamic and business-oriented provinces, Wuhan, in Hubei province. Wuhan is believed to be the home of most industries and factories and the hub of transport in China (Gupta et al 2020). Wuhan is the home of almost eleven million individuals who actively contribute to the country's economy through participation in various activities in the area (Wu et al., 2021). Transportation in Wuhan is believed to be a major contributor to the country's economy, which has the largest economy after the United States of America. China is described as an emerging economy by many economists due to its manufacturing, innovation, and consistent growth over the past years.

Covid-19 and the severe acute respiratory syndrome were said to be similar by a scientist. In the year 2003, the severe acute respiratory syndrome affected China both the human health and the economy but not to an extent to which covid-19 impacted in four months (Wu et al., 2021). China being a level of developing countries, the wake of coronavirus came as a shock to them. However, the country was able to act so quickly and recover from the pandemic, unlike other countries and therefore save their economy, which at the same time was being affected by their counterparts America due to the war trade which former president Donald Trump was inciting. Nevertheless, coronavirus had short-term effects on the industry and economy at the macro scale. Moreover, it had an impact on individuals' businesses at the micro-scale. The movement of production materials, such as capital and labor, has been hampered from a macroeconomic standpoint, resulting in a dramatic decline in production capability.

On the demand side, it limited investment, exports, and consumption, forcing prices to rise (Shen, et al., 2020). Coronavirus had a substantial impact on industries such as transportation, retail, and manufacturing. Payments of fixed expenses, such as loss of income and rent caused by output slowdown, have had a double effect on businesses on a micro-scale. Coronavirus has had a completely different influence on China's economy than the severe acute respiratory syndrome pandemic did in 2003(Gupta et al 2020). The financial impact of major public health disasters is being researched in disaster management since it can help with recovery, illness control, and sustainable growth. On the supply side, coronavirus extra containment mechanisms have reduced circulation (Wu et al., 2021). As a result, materials and equipment for production Domestic labor became scarce, making it harder for firms to reopen and causing global supply networks to be disrupted. As a result of the impact on international supply chains, several linkages in the major economic division of labor have been impeded, which has adversely impacted the global industrial division of the labor system. The outbreak has depressed international goods, hindered import and export trade, and global, regional, and affected national supply chains.

The World Economic Outlook for April 2020 from the International Monetary Fund expected a three percent drop in the global gross domestic product. The World Trade Organization anticipated a thirteen percent to thirty-two percent drop in world commercial trade. Major public health crises increasingly have a massive influence due to continued global economic integration (Wu et al., 2021). Macroeconomics and alterations in the production size of several regions and industries due to crises are nationwide research subjects. Variations in the production and Macroeconomics size of various industries and regions resulting from public health emergencies are the subjects of nationwide research.

Impact Of Covid-19 On the Production Side of Chinas Economy

The endurance of the Chinese economy to the consequences of the coronavirus outbreak is determined by characteristics such as production scale and structure, overall demand model, the demand model and length of industrial chains, and international trade linkages are all factors to consider (Wu et al., 2021). The Yangtze River Economic Belt is where the secondary and tertiary sectors dominate regional economies, previously having attained industrial development and entering the post-industrialization level, which is dominated by the service sector when taking into consideration the economic structure of areas with different risk levels. Agriculture is the primary industry in, Liaoning, Hainan, and Heilongjiang, whereas the financial status of, Shanghai, Hainan and Beijing are heavily reliant on the tertiary sector's growth. Other level-3 provinces are primarily found in western China, and their economies are centered on resource extraction, processing, and energy (Shen, et al., 2020). Because secondary sector development in level-4 locations lags, most individuals relocate for jobs in other areas of the country. Figure five illustrates the structure of production of various areas visually.

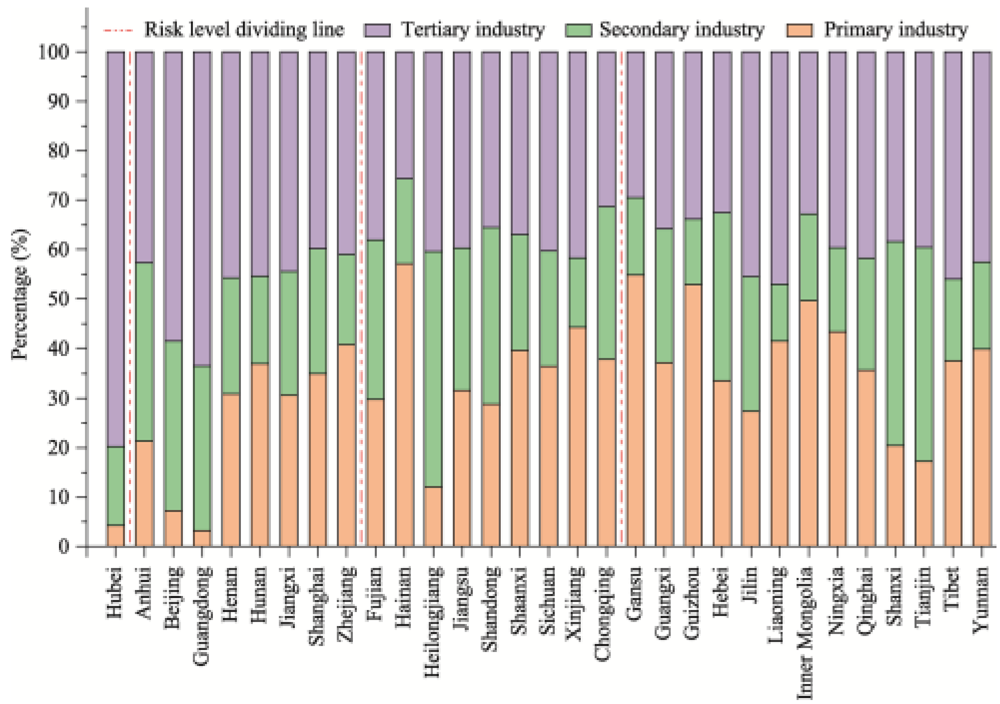


Figure five: the employment ratio in the industrial sector of each province in the rear 2021.

COVID-19's macroeconomic effects on gross regional product, consumption, imports, employment, exports, and price levels consumption vary in intensity and direction in different places. COVID-19 had the highest economic impact in Hubei Province. Provinces in the southeast and east were particularly hard hit, whereas provinces in the northwest and west fared better (McKibbin and Fernando, 2021). The explanation for this is that a prolonged return to work caused a short-term labor shortage in level-1 provinces caused salaries to rise by around two percent, which had a significant impact on service industries and labor-intensive manufacturing and culminated in a one percent drop in the gross regional product. Regarding the consumer price index, limited product supplies prompted the index to rise in different locations. Limited product supplies and higher costs resulted from transportation regulations and a lack of labor in all areas, and household consumption declined by about three percent. The effect of the pandemic shifts from a consumption shock to firm closures, job losses, and an economic slowdown due to the compounded impacts of changes in consumer demand, transportation restrictions, and labor shortages.

As a result, the pandemic has impacted both the supply and demand sides of goods and services, with macroeconomic factors like employment and Gross Regional Product being substantially impacted (McKibbin and Fernando, 2021). The coronavirus outbreak led to a decrease in consumer spending and delays in returning to work, causing enterprise investments to devalue, affecting employment, lowering gross regional product growth, and influencing private investment and consumption, as well as government spending and trade (Shen, et al., 2020). Because of decreasing earnings, people's long-term consumption capacity decreases, and the disease's spread disrupts capital market investment. Furthermore, falling consumer spending in China boosts exports of domestically made goods, but exports suffer. Coronavirus decreases export enterprises' production efficiency in the short term while raising transaction costs and hazards.

Impact Of Covid-19 On the Demand Side in Chinas Economy

During normal occasions, consumers had always enjoyed the freedom of purchasing goods and services until when coronavirus arose. Covid-19 brought to a standstill all the economic activities, including trading and manufacturing of goods and services in the whole world. The economic crisis mounted from Wuhan, the capital of Hubei province, where it was first discovered to the rest of the provinces in the country. The disease spread like a bush fire in the first months of the year, which made the government understand that everyone would be a victim of the diseases (Shingal, 2020). Therefore, the world health organization declared the disease a pandemic after deaths started being recorded in China, the control measures were made effective. Social distance was an ideal measure at the moment since the disease was new and there were no vaccines.

During this period, the most affected were the export services that required face-to-face interaction, like the tourism sector. Due to contagion fears, and the rapid spread of the virus, many opted to stay at home with minimal movements experienced (Shingal, 2020). This, therefore, resulted in inconveniences on the service transactions, which mostly required physical proximity and could neither be substituted with the internet. Hence most of these services came to a halt since they required proximity between the buyers and the sellers. The effects of social distancing, which led to the imposition of lockdowns, were the largest for the above services, which require physical proximity between the buyers and the sellers (Shingal, 2020). Therefore covid-19 compromised many services as most were drastically affected and others completely stalled. Some of the worst-hit sectors are travel, tourism, restaurants, hotels, and education.

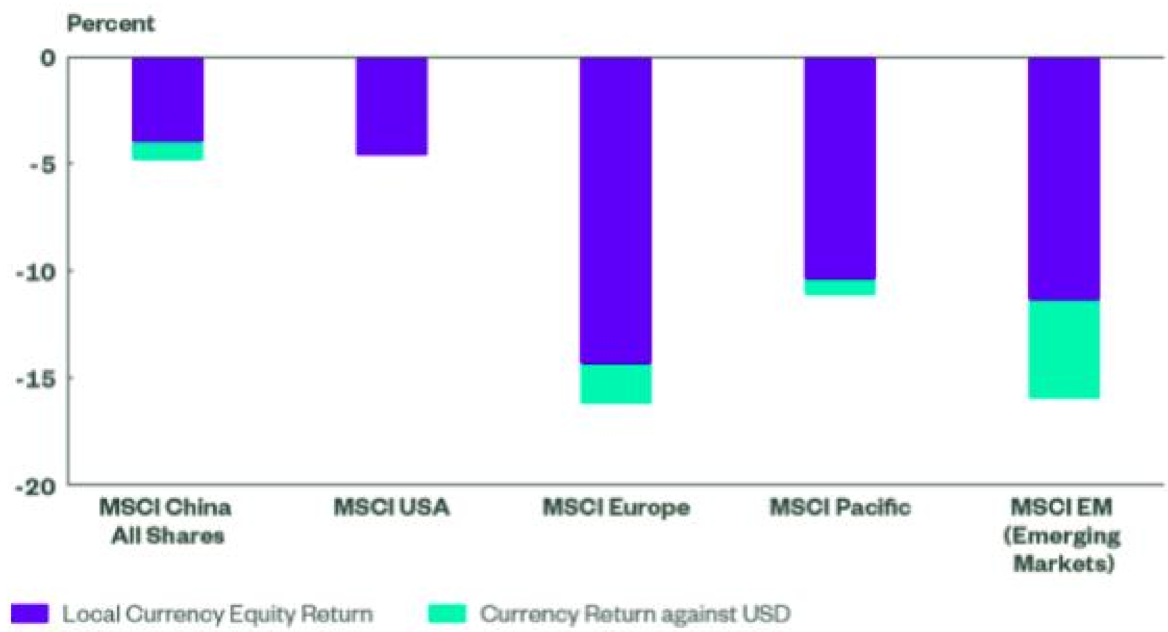
Transportation of services related to merchandise trade from one country to another was stalled due to the lockdown measures (Shingal, 2020). Moreover, construction and other businesses that required unskilled and skilled professionals to travel across the borders were affected by the travel bans due to coronavirus. When coronavirus was announced as a pandemic by the world health organization, governments-imposed lockdowns to ensure social distancing was maintained. This led to the closure of several businesses as other individuals were advised to work from home. In other cases, for instance, the aviation workers were furloughed until the pandemic would settle. However, this led to individuals reducing their expenditures since they received no income while others were being granted reduced salaries. Several effects contributed to a decline in consumer spending and demand. Supply restrictions are one of the effects of travel bans and the restrictions imposed on businesses by social distancing and lockdowns (Hall et al., 2020). Demand changes were another effect of the desire to stay indoors due to fear of the pandemic, affecting businesses like eateries.

Increased uncertainty also contributed to consumer demand and spending decline since most individuals deferred unnecessary spending as they were unsure of their next employment or income. As a result, the pandemic has impacted both the supply and demand sides of goods and services, with macroeconomic factors like employment and Gross Regional Product being substantially impacted (McKibbin and Fernando, 2021). The coronavirus outbreak led to a decrease in consumer spending and delays in returning to work, causing enterprise investments to devalue, affecting employment, lowering gross regional product growth, and influencing private investment and consumption, as well as government spending and trade (Shen, et al., 2020). Because of decreasing earnings, people's long-term consumption capacity decreases, and the disease's spread disrupts capital market investment. Furthermore, falling consumer spending in China boosts exports of domestically made goods, but exports suffer. Coronavirus decreases export enterprises' production efficiency in the short term while raising transaction costs and hazards.

Impact Of Covid-19 In the Financial Market Side of Chinas Economy

Coronavirus infection has had a significant impact on global financial markets, businesses, and communities. Compared to their global counterparts, China's financial markets have held up pretty well as of end-May. For example, after the pandemic was contained, the Chinese stocks in the international financial market had outperformed other international or global equities in the first quarter of 2021. Due to the intensified tension between the United States and China despite the presence of the pandemic, China's overall performance in May 2021 was below the United States, which is its largest competitor (Huo, X., & Qiu, Z. (2020). China had also outperformed its market peers in European, Pacific, and other emerging markets regarding the year-to-date returns. Moreover, as of end-May 2021, MSCI China's volatility was approximated to 19%, contrary to around 33% for the United States, 31% for Europe, 22% for developing Markets, and 24% for Pacific.

Figure six



Regarding the fixed-income, Chinese stocks offered solid returns of 3.8% United States dollar terms in the first quarter in May 2021, a currency depreciation versus the US dollar, and a surge in stock return, negatively affecting the effectiveness of Chinese stocks. Chinese stocks have earned 1.0 % United States dollars and 3.6 % in local currency terms, compared to 5.5

percent for United States stocks, 0.4 percent for the yen, 0.5 percent for the pound, and -0.7 percent for the euro. Without accounting for the currency effect, neither euro nor yen-based stocks earned any capital gains, whereas pound-based stocks provided a healthy 7.7% return. This illustrates how currency returns have had a greater impact on the pound, which has fallen in value against the United States Dollar.

In recent years since the pandemic outbreak, the yen has served as a sanctuary. At the same time, the yuan seems to have been reasonably steady against the United States dollar, notwithstanding its status as an emerging market currency. Despite outperforming the yuan in May, the euro's volatility continued to rise over 60 days compared to the yuan. While Chinese stocks underperformed in May 2021, they outperformed in early 2020 when the market was at its lowest. The yuan's movements have been relatively stable compared to other major markets, minimizing potential return barriers for United States dollar-based ventures (Corbet et al., 2021). China can diversify global stocks and stock strategies due to its limited ties to certain other major global markets. Chinese stocks yield more than international integration, and Chinese stocks are priced just above the median P/E spectrum, while developed economies are trading near the top of the line. This demonstrates that China is still valuable despite the hit from the pandemic that had parasitized the Chinese financial market.

Chapter Four: Impacts of Important Policy Adjustments Under the Epidemic

When COVID-19 broke out in the world, it was declared a worldwide pandemic. Nations considered how to prevent further and future public health crises and disasters and how to cater to future financial and economic catastrophes. China's reactions to the pandemic in both circumstances, such as implementing and adjusting the existing policies, greatly impacted the nation (Sajid et al., 2020). China implemented and adjusted some harsh public health policies as a response to the rapidly spreading virus. These measures included lockdowns of severely impacted areas, travel bans, prohibitions of public meetings, mandatory isolations of affected individuals, prolonged public holidays, and home quarantines. In the short term, these implemented policies and approaches appear to have worked. The number of new cases of COVID-19 in the country has decreased dramatically, as have the death rates. However, the steps chosen to address the public health disaster were likely to result in a local economic crisis and meltdown that spread to international trade, global industrial networks, and value chains, causing worldwide volatility and financial market catastrophe. The Chinese government adjusted a combination of policies to aid in the return of production and work, inclusive of financial, monetary, fiscal, and trade policies, to prevent the nations' economic collapse.

After various studies across the country confirmed human-to-human transmission and the increasing prevalence of the virus in some Chinese regions, Chinese authorities broadened their preventive measures and declared a lockdown. No one will be able to enter or leave due to the closure of airports and the suspension of all public transportation. This notice was issued one day before China's Spring Festival to place to avert the disease from spreading due to the exceptionally great demographic change that happened during the time (Sajid et al., 2020). In addition, all stores except those providing medicine and food were shuttered, and individuals were subjected to extreme constraints in an attempt to push quarantine. The government also suspended events with large crowds and held the reopening of schools across the country by extending the break. In city areas, massive decontamination laws were enacted, and documentation was distributed focusing on areas with high rates of illness. This mass quarantine and social separation, which subjugated hundreds of thousands of people and cost a lot of money in economic burden, had never been undertaken before, giving epidemiologists pause.

To preserve the market's liquidity and meet the working capital and other financing demands and wants, the People's Bank of China (PBC) deployed classic policy adjustments, for example, the reserve requirement ratio, open market operations, refinancing lending facilities, and rediscount policies. Enhanced debt rollovers, reduced interest rates, and renewal loans offered distinct credit lines to restore production were some of the financial support policies that Chinese financial institutions had adjusted and enacted, especially for the small and medium-sized firms (SMEs). The banking system urged internet financial enterprises like Ant Financial to help small and micro businesses get loans (Khan et al., 2021). The government had launched a series of steps to maintain market openness while stabilizing international trade and foreign investment. By March 4, 2020, the Ministry of Finance had set aside 110.48 billion yuan in government financing for pandemic prevention and control, of which 71.43 billion yuan had been used.

The compensation act has upped the 1.85 trillion-yuan maximum on newly issued local government bonds to combat the epidemic's harmful impacts. Local government securities were issued in over 70% of the quota (Sa. In response to the global financial crisis, the Federal Reserve reduced the required reserve ratio from 0.5 to 1 percent on March 13, 2020 (Khan et al., 2021). Throughout the outbreak, the government's economic efforts, including financial, macroeconomic, and social insurance policies, were principally aimed at assisting the antivirus production, services, and retail businesses. Subsidies and tax breaks are examples of monetary policies. Tax deductions and charge waivers were granted to corporations and taxpayers in vital areas like healthcare, transit systems, and the delivery of everyday goods. The federal government provided subsidies in loan payments to producers of antivirus-related items and new companies that were adversely harmed. The federal government required local governments to safeguard and facilitate critical medical supplies and daily essentials (Zhang & Gao, 2021). Municipal governments also acted, awarding incentives and rebates to antivirus-related businesses and firms, cutting rental payments, and deducting taxes and fees from those disproportionately affected.

Credit easing, interest rate decreases, and debt prepayments are examples of monetary measures. The PBC relied on traditional policy instruments such as open market operations, mandated reserve ratios, term loans, refinance, and rediscount policies to ease market credit. Small and medium-sized businesses were required to roll over debt contingency arrangements with commercial banks. The central bank also mandated that commercial bank increase operational efficiency, including constructing a channel for COVID-19-related businesses and the expansion of e-payments and internet services (Khan et al., 2021). Financial institutions provided additional funding to the trade business for the importation of pharmaceutical equipment from other countries.

The central bank also mandated that commercial bank increase operational efficiency, including constructing a fragment shader for COVID-19-related businesses and expanding e-payments and internet services. Financial institutions provided additional funding to the trade business to import pharmaceutical equipment from other countries (Zhang & Gao, 2021). The China Banking Regulatory Commission (CBRC) ordered commercial banks to modify private loan reimbursement arrangements for home mortgages and credit cards and prolonged repayment periods. Policies relating to social insurance, such as the deferral or deduction of insurance payments. During the pandemic, local governments implemented policies to sustain employment and assist small and medium enterprises in overcoming threats. Public insurance payments were deferred and refunded as part of these policies. In some cities, such as Shanghai, businesses that do not lay off employees may be eligible for social insurance deductions and subsidies for employee on-the-job training. Since February 2020, the federal and state governments have conducted a series of targeted policies intended to assist small and medium enterprises in their growth (Zhang & Gao, 2021). Benefits payments for deferred compensation of social security premiums and certain taxation, as well as tenancy reductions, loan enhancements, loan interest rate reductions, and subsidy rises, have all been among them. Such policies provide small and medium enterprises with strong institutional assurances and helped China's economy remain healthy and stable.

Another policy was to keep track of newly suspected, asymptomatic, and diagnosed infections, as well as deaths, daily. The responsible doctor had to record the COVID-19 case digitally as soon as it was diagnosed or suspected, and numbers for the overall number of cases in each location were prepared. The reports were defined by the National Disease Reporting System (NDRS), which was a collaboration between the National and Provincial Health Commissions. They were generated by China's National Infectious Disease Information System (IDIS). It was established in 2004 following the SARS outbreak and covers the entire Chinese population (Zhang & Gao, 2021). These pandemic curves enabled Chinese epidemiologists to generate epidemiological inferences regarding the disease's demographic variables, genesis, transmission patterns, and development of zoonotic illnesses, besides a literature review and on-site consultations in the affected regions. The nation also used these data to determine and focus on areas where there are more fatalities and more measures need to be taken.

Impact on Transnational corporations and the multinational corporations in China

After China publicly revealed that the pandemic emanated from their country, the Chinese government has relentlessly worked towards the aid of the economy to the entrepreneurs, businesses and individuals. The aid was aimed at helping the companies which were manufacturing crucial equipment like medical equipment to deal with the pandemic. The Chinese government's efforts to reduce taxes and fees, support debt and equitable financing, and shore up liquidity helped the midsized and small companies. They facilitated the production of essential products like medical supplies. As a way of helping the companies with liquidity, the government offered a short-term impact by asking the banks to roll over loans and extend loans durations without penalizing the defaulters or even changing their credit status to negative (Fu, 2020). This helped the borrowers who used corporate stocks as security. They would not have to sell equities while valuations got worse. Another short-term impact offered by the Chinas central bank was giving orders to the banks to allow companies to borrow and continue manufacturing medical supplies and facilitate logistics in the fight of covid -19 in China and other parts of the world.

Moreover, the regulators were lenient with companies in need of equity financing in the country. As a short-term impact, the government slashed all the value-added taxes for all companies situated in the Hubei province. The small businesses at the moment were exempted from paying the Chinas social security system fees. Moreover, the government suspended all the local tolls and tariffs as a sign of relief to the domestic economy. Other governments used Chinas actions as a way of confronting the shock of their economy. Unlike America, China did not infuse direct cash to workers. China also launched an emergency program whereby the local agencies and the local government joined efforts to help revive the cross-border trade after the pandemic. The main goal was inspections at the borders and ports, whereby if one was found positive, they would be forced to quarantine for a certain period (Fu, 2020). Another goal was to simplify the customs procedures and reduce the port charges. The general administration of China customs gave a series of measures to be followed as they facilitated the resumption of businesses back to normal. These measures were incorporated to help the foreign trade businesses and, at the same time, adhere to the government requirements to contain the virus.

One of the measures was to simplify the business registration of the company's and help them with the clearance formalities. This was eased up by the general administration of, Chinese customs saying that any business required to change its business registration information would be done when the pandemic was over (Zhang et al. 2020). Furthermore, the customs were to help the medium and small-sized businesses with their imports and exports issues, hence helping them minimize the declaration mistakes and procedural non-compliance (Nicola et al., 2020). Another step was to fasten the clearance of imported raw materials and equipment. Hence, the custom would hasten the clearance of the raw materials and electro-mechanical materials used in domestic production in the country's factories and industries (Ullah et al., 2021). Furthermore, the use of machines for custom inspection would reduce inconveniences through manual inspection of the imports. Also, laboratory testing of the goods would be minimized, relying on the information from the third parties' laboratory papers.

The third measure by the general administration of Chinese customs was to speed up importing agricultural products and food products altogether (Kimura et al., 2020). The quarantine approval would be shortened, and the green lanes around the ports in the country would be set up for a twenty-four-hour clearance process. Inspection of the goods would have relied on the compliance certificates with the logistic companies, and those suspected to contain pests or diseases would be set to the lab. The fourth measure would be to support the businesses in export expansion. This would be made possible by the certification services and optimization of the pre-export control (Zhang et al. 2020). This would be done by ensuring the quarantine certificates, sanitary certificates, origin certificates and disposal certificates of the export goods (Ullah et al., 2021). The general administration of customs in China would also ensure the simplification of the sanitary approval for the imported special medical supplies, especially those that were to use in the diagnosis of coronavirus. Other supplies included vaccines, reagents and blood products. By issuing the relevant competent certificates, authorities will account for any risk associated.

The customs would also extend the deadlines if an enterprise found itself overdue or written off by time when delivering the goods. The custom would therefore cover up the by extending formalities for processing trade enterprises. Another measure was to simplify write off formalities. This would be done by writing them off based on the inventory data without referring to the factory by allowing the off-site audit through the electronic or video data transmission. the general administration custom of China would also expedite the penalty procedures. The custom would handle any case in the export and import sectors during the anti-epidemic supplies. Therefore, this would be simpler and faster than detaining the transportation conveys, goods, items, or accounting documents like other days (Kimura et al., 2020). the customs would send the documents to administrative penalty through mobile phones, emails or any other means of communication convenient (Nicola et al., 2020). The government would also enhance coordination internationally and comply with other trade restrictions. It would also ensure and give support to the customs by facilitating a quick verification of the documents. If the submission was made on a paper document, the services at the moment would be via the hotline 12360 and other new media platforms whereby answers were given. Moreover, it would ensure the printing of the customs policies and measures.

Conclusion

Conclusively, Covid-19 pushed China into recession. The pandemic saw China's gross domestic product drop by a considerable margin. In 2020, it was the worst impact on the country's economy compared to the previous economic crisis. The financial crisis mounted from Wuhan, the capital of Hubei province, where it was first discovered to the rest of the provinces in the country. Coronavirus disease, also described as the covid 19, is a newly discovered disease that affects human beings and is caused by the coronavirus. Coronavirus was discovered in Wuhan in China on thirty-first December 2019. The pandemic has negatively affected the nation's economy in a great way. The Chinese government was caught unprepared for the pandemic, and its financial inability to protect the whole nation during the quarantine was not enough. Therefore, as much as the government put a total lockdown in their streets and cities, most people could not because they needed to wing bread for their families. Social factors were mainly experienced back at home due to the quarantine. There was increased domestic violence, physiological issues, mental illness issues, verbal and physical disputes. Most of them resulted from intimacy and empathy among the family members. The pandemic led to smuggling and hoarding of food and health products due to poverty, desperation, and hunger. Moreover, other social activities were affected, such as games, worship areas, and entertainment.

On the measures taken to contain the virus, China tried its best and as quickly as possible to contain the virus by integrating several measures on their citizens. Live animal markets in the whole country were suspended until the situation was contained and other measures like sanitization and fumigation were done. Major cities, including Wuhan, were put on total lockdown, whereby individuals were not allowed to walk in the streets either attend social gatherings. The effects of the pandemic were felt globally; nonetheless, it can be said that China was the country that was hit the most as the virus was new, and no one had any idea of what to do in response to the virus its effects. Coronavirus brought everything to a standstill, not only the political activities but also the economic activities. The pandemic since then has hindered a lot of economic activities in almost all the countries in the world as they try to combat and curb the virus. All the countries decided to halt all their economic activities as they focused on the covid-19 diseases that were earlier on spreading rapidly.

Also, the rapid spread of the coronavirus saw Asia, Europe, and America being subjected to lockdown. Therefore, this made the credit rating, financial country experts, and financial economists rush to rearrange their strategies due to the unexpected crisis. The crisis was described as the greater financial crisis by some financial advisors like Nicolas Firzli, who happens to be the advisory board member of the world bank. He also said the pandemic was going to showcase the many loopholes in the geopolitical and financial dysfunctionalities. European Union countries, for instance, France, Spain, and Italy, were made to impose short-selling bans due to the pandemic. The stock market crash began on February twentieth and came to an end on April seventh in 2020. After the indices in Asia who are the sole manufacturers of most products consumed in Europe, this fell sharply. However, it was interesting to see the price of oil fall and the price of gold rice. Various united states of America stock markets posted their indices also fall. However, the curve did not return normal until the federal open market committee on the third march brought down the federal funds rate target. Economists and financial experts predicted that the jumps would be around fifteen to sixteen, but instead, it was twenty-three times greater than the average rate since the year 1900. Hence, this shows how much impact the coronavirus caused on the global marketer when relating to the United States of America situation. However, the common reasons why the pandemic has such a huge impact were the measures taken by every government with the advice from the world health organization.

The forex trade stock exchange index dropped more than ten percent in the case of the United Kingdom. In Asia, for instance, the stock market index of Japan went down up to twenty percent compared to its values in December 2019. It was identified how much the pandemic impacted the risk level in all countries, increasing between February and March 2020. Various studies on the impact of the pandemic on the stock markets globally concluded that it had made a very big economic loss due to its uncertainty. It also made the stock market unpredictable and highly volatile than ever before. The effects of social distancing, which led to the imposition of lockdowns, were the largest for the above services, which require physical proximity between the buyers and the sellers. Therefore covid-19 compromised many services as most were drastically affected and others completely. Everyone back then was optimistic, and gloom brought about prosperity and confidence before the pandemic, but its emergence came with many changes and challenges. This pandemic brought about financial insecurities and humiliation since shoppers could no longer purchase from these sellers stalled. Some of the worst-hit sectors are travel, tourism, restaurants, hotels, and education. Another worst hit sector was the transport system, mainly water, and air transport services.

Several effects contributed to a decline in consumer spending and demand. Supply restrictions are one of the effects of travel bans and the restrictions imposed on businesses by social distancing and lockdowns. Regarding the impacts on the supply chain, due to the closed borders and airspaces and imposition of national lockdowns, coronavirus resulted in an unexpected disruption of the supply chain industry. Globalization has enabled the world's supply and distribution of goods and services to the end consumers sustainable through the supply chain. However, goods usually have to pass through various procedures and stages before getting to the end consumers. However, the barriers that have along with the supply chain industry during the pandemic have neither favored the linkage of essentials like medicine and foodstuffs as they have not been spared. The supply chain involves the logistic companies for the flow, storage, and movement of goods directly.

There were also effects concerning transnational investment trade. The rapid spread of coronavirus neither spared the transnational companies and the multinational companies, which more or less operate almost under the same policies in foreign countries. Due to the confidence and disruptions of consumer demand and spending, transnational companies were hence addressing the currency disruption caused by covid-19. Transnational investments that required professionals on-site, for instance, the construction sites, were disputed by the pandemic due to the control measures imposed by the government. The World Economic Outlook for April 2020 from the International Monetary Fund expected a three percent drop in the global gross domestic product. The World Trade Organization anticipated a thirteen percent to thirty-two percent drop in world commercial trade. Major public health crises increasingly have a massive influence due to continued global economic integration. Authorities in most countries. Due to social distancing measures, not many firms were able to embrace the measure in their warehouses due to the initial setups of their machines, thus lacking sufficient space to incorporate all the workers.

On the demand side, it limited investment, exports, and consumption, forcing prices to rise. Coronavirus had a substantial impact on industries such as transportation, retail, and manufacturing. Payments of fixed expenses, such as loss of income and rent caused by output slowdown, have had a double effect on businesses on a micro-scale. Coronavirus has had a completely different influence on China's economy than the severe acute respiratory syndrome pandemic. The endurance of the Chinese economy to the consequences of the coronavirus outbreak is determined by characteristics such as production scale and structure, overall demand model, the demand model and length of industrial chains, and international trade linkages are all factors to consider. COVID-19's macroeconomic effects on gross regional product, consumption, imports, employment, exports, and price levels consumption vary in intensity and direction in different places. COVID-19 had the highest economic impact in Hubei Province. Provinces in the southeast and east were particularly hard hit, whereas provinces in the northwest and west fared better.

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