



Research Article

Global economic & tourism after covid-19 pandemic: a review paper

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ABSTRACT

The current study is going to involve several discussions and facts regarding the effects of Covid-19 on the global economy as well as the tourism industry. Based on the records that have been found out, the global economy is in a terrible position and most of the nations have entered the recessionary phase. In accordance with the implementation of secondary research methodology data and results regarding the impact of Covid-19 have been collected from different journal articles, research, online articles, and necessary readings. Based on the data collected from different sources, the findings can be provided as follows an increase in the per capita GDP annual contraction to 92.9% and the stock markets have crashed and are facing a crucial time at the moment. Due to these major challenges faced as traveling has been restricted due to the widespread of this global pandemic since many countries, as well as cities and other locations, have closed their borders to avoid transportation facilities. Throughout all countries, all flights are canceled and the global tourism industry is stagnant, which increases the possibility of losing a job for employees. It affects the normal well-being of people who are directly and indirectly involved in the global tourism sector. Hence, in this pandemic situation, the side-effects of the coronavirus are tremendous and have massive implications in the long run for the tourism industry.

Keywords: *Coronavirus, economic health, annual contraction, unemployment, restriction, tourism, pandemic*

1. AN OVERVIEW OF GLOBAL ECONOMY, TOURISM, COVID19 PANDEMIC

In the present world, the global pandemic of Covid-19 has hit every corner of the world and has devastated several lives. The widespread of Coronavirus has affected hundreds of thousands of people and drastically deteriorated their health. The present headcounts who have been attacked by this virus have increased to more than 13 million and total deaths have crossed 0.58 million people (Worldometers.info, 2020, 17th July 2020). This is a situation of crisis where every individual is prone to get affected by this virus and has terrorized each individual to their soul.

It is not only about the physical health of the people who are living on this planet, but the effect of this pandemic has been so strong that it has affected several other factors as well. One of the most important factors after the physical health of an individual is the economic health and well-being of a nation as well as the entire globe. Due to this widespread of this pandemic virus throughout the world, every economy present in this world has been affected and several out of them have even entered the phase for recession. On the basis of the collected records, it has been found out that the world has not experienced this type of pandemic in centuries and at present, the per capita GDP annual contraction has increased to 92.9% (Worldbank.org, 2020). Accordingly, it can be said that this is a moment of tremendous disaster and every other active economy of the world is affected due to this scenario. The graphical representation provided below clearly indicates the rise in annual contraction of per capita GDP. Within a period of 30 years class boundary, it can be seen that the world has experienced several fluctuations in this case. However, the annual contraction that is being faced by the people in this period due to Covid-19 has been the highest in the history of 150 years (Worldbank.org, 2020).

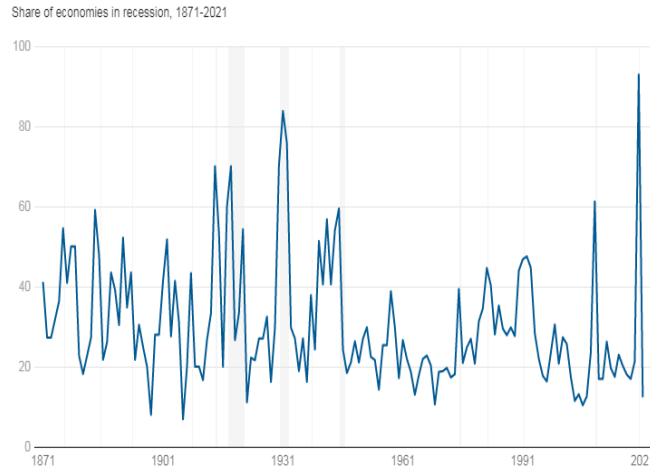


Figure 1: Per capita GDP annual contraction of economies

(Source: Worldbank.org, 2020)

Among the variety of sectors that operate in the world, it can be stated that the tourism industry is the one with the most adverse impact on it. This is because due to the widespread global pandemic and restricting the traveling policies and laws of every nation, the tourism industry is at a high threat. Moreover, people working in those sectors are even prone to losing their jobs and become unemployed for this period. Accordingly, they will have no income to spend eventually become broke. The consequences of Covid-19 have been severe and especially on the tourism industry and it cannot be forecasted when this pandemic will come to an end so that this industry can be revived from the present situation.

1.1. OBJECTIVES OF THE STUDY

- To identify the impact of Covid-19 on the economies of the world
- To evaluate the situation of the global tourism industry due to widespread global pandemic
- To highlight the challenges faced by the tourism industry at the present
- To recommend effective measures so that the condition of the tourism industry can be improved and overcome the present challenges due to Covid-19

2. METHODOLOGY

Presently it is a situation of the global pandemic that has terrorized each person of this world and therefore, the study has been confined entirely on secondary data. In this situation, it is not possible to collect primary data directly from the field of research. Therefore the only option has been to rely upon the data that can be collected indirectly from the secondary sources. Some of the sources that have been taken into consideration for conducting this study include websites, newspapers, journals, and articles. Moreover, the prime resource for getting access to these fields has been the internet.

Since it is secondary research and the data has been collected indirectly, therefore, only the sources that authentic and reliable have been taken into consideration. All the other sources that cannot be relied upon have been neglected. Moreover, it is also being mentioned that none of the data represented in this study has been manipulated or disturbed from its originally collected value and the unbiasedness and authenticity of the study has been maintained efficiently. Moreover, this study does not consist of any quantitative data and therefore did not require any quantitative analysis methods. However, in order to analyze the obtained data, themes have been developed and the findings have been portrayed accordingly.



3. REVIEW OF LITERATURE

3.1 WORLD ECONOMY AFTER COVID-19 OUTBREAK

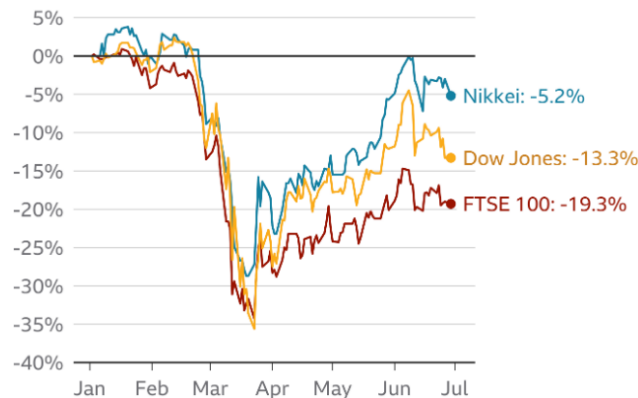


Figure 2: Impact of Coronavirus on the stock market since January 2020

(Source: Jones et al. 2020)

Based on the graphical representation of the stock market including three significant operators of the world, i.e., Nikkei, Dow Jones, and Financial Time Stock Exchange, it can be seen that the impact of the global pandemic started by the mid of January where the effect was considerable. Along with the progress of time in this year, as explained by Jones et al. (2020), the value of shares started to decrease drastically with a steep fall in the value of shares by the end of March. From the beginning of April, the markets have taken hold of the situation and making necessary efforts to make the situation better. It can be seen that there has been a rise in the trend since then, but it still has a negative value and the fluctuations are high as well.

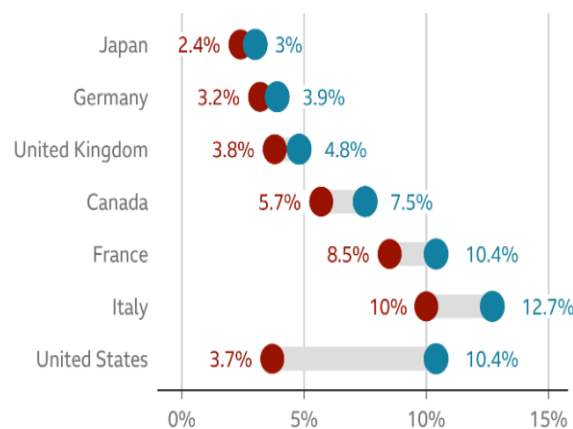


Figure 3: Increase in unemployment from January to June 2020

(Source: Jones et al. 2020)

Having employment in this situation of the global pandemic has become a significant concern for every individual belonging to the workforce of the respective nation. Since all the economies have entered the recessionary phase, several firms have started to terminate their employees to reduce the overall company cost (Gössling et al. 2020). According to the diagram provided above, seven significant countries have been taken into consideration and the increase in the unemployment level has been represented accordingly. Based on the trend, it can be seen that the US is suffering from the highest increase in the unemployment rate, whereas Japan has controlled it to the least difference.

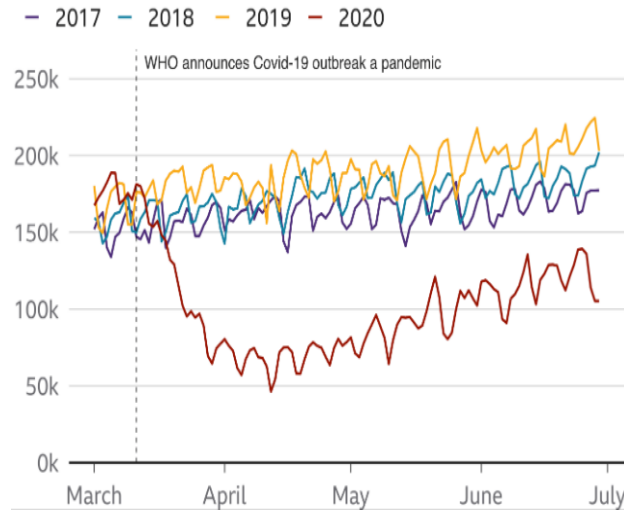


Figure 4: Total Number of daily flights

(Source: Jones et al. 2020)

The trend that can be seen in the above diagram, it can be inferred that the global pandemic has forced the economies to reduce and restrict travel across the country and internationally as well. Based on this fact, it can be said that the tourism industry has been deeply affected due to this reason, domestic as well as global (Oecd-ilibrary.org, 2020). Due to the fall of income in the tourism industry, the countries that have a substantial contribution from this sector are also facing a fall in the GDP of the respective economies (Irfan et al., 2017).

3.1.1 OTHER INDUSTRIES THAT HAVE A MAJOR IMPACT OF COVID-19

According to the previous discussions, it can be stated that the tourism industry of the globe has been affected profoundly due to the global pandemic. However, there are other industries present in the market as well who have faced severe downturn of events due to this widespread of Covid-19 include oil and natural gas, industrial materials, food and beverages, and mostly the manufacturing sectors. According to Oğuz et al. (2020), this has been the situation since most of the firms and industries have been shut down for the time being to contain the chances of spreading this virus even further. Adding up each impact, it can be said that the inflow of income for the nation as well as private individuals have decreased enormously. Therefore it can be stated that this is a severe issue for the economic health of every nation as well as the individual families.

3.1.1.1 Further signs for the effect on the economy

Apart from market trends, several macroeconomic factors indicate that global economic health is in severe danger. One of the significant indicators is the aggregate demand for commodities. During this pandemic, the aggregate demand for goods has decreased at a very sharp rate since people are avoiding purchasing goods and services that are available in the economy such as clothes, electronics, furniture, etc. Instead, as influenced by Duffin (2020), the demand has increased for daily essentials and necessities such as food, medicine, and a few others. Accordingly, the overall income of the nation from domestic as well as foreign trade has decreased at a massive rate and the GDP level has fallen to the lowest. Apart from this, the demand for a variety of services has also reduced as well including flights, hospitality, and public transport. Hence, in an overall context, it can be said that every economy is suffering due to the global spread of this virus and facing the worst situation in the history of the world in centuries.

3.1.1.1.1 Problems

During this time of global pandemic and the widespread of Covid-19 in every nation, it can be seen that the tourism industry is one out of the others that are presently suffering from the negative externalities of this



effect. According to statistics, it has been found out that nearly 96% of the tourist destinations have gone into total lockdown, as mentioned by UNWTO (United Nations World Tourism Organization) (Economicstimes.indiatimes.com, 2020). To control the spread, the respective regions as well as the countries have restricted travel to and from this place and also updated their traveling policies.

As mentioned by Faus (2020), the World Travel and Tourism Council has also provided a warning beforehand that approximately 50% of the jobs associated with the tourism industry might be at stake. Out of every continent of the world, Europe and America seem to be the ones that have been affected the most. Even after the outbreak of this virus is mitigated from the world, it has been forecasted that the tourism industry will require a minimum of 10 months to make a recovery from this situation. Moreover, according to Faus (2020), this industry accounts for nearly 10% of the GDP contribution of the globe. Hence based on these facts, it can be said that the side-effects of the coronavirus are tremendous and has massive implications on this sector in a negative manner.

4. FINDING AND SUGGESTIONS

Based on the discussions that have been made in the above sections, it can be said that the entire world has become a victim of the widespread global pandemic of Covid-19. The implications of this virus on the lives of every individual have been severe and it can be accounted as the prime reason for the downfall of the economic performance of each nation that exists in the world (Nicola et al. 2020). The impact of this pandemic has been so adverse that several nations of the world including the developed as well as the developing ones to enter into the phase of recession and therefore experience a stagnant economy at present. Accordingly, there are very few or no transactions taking place in the daily lives of the people and eventually reducing the efficiency of the entire economy.

Apart from the context of global as well as the national economy, specifically, the tourism sector has become the primary victim of this situation. Moreover, it cannot be said based on the present situation that when this threat is going to end, and therefore, it has to stay inactive for an undefined period. As explained by Bakar and Rosbi (2020), the people associated with this sector have to face adverse situations such as salary cuts or loss of employment which will eventually lead to increased debts, starvation, and suffering.

Hence, it can be suggested based on the above discussions to maintain social distancing from other individuals and avoid physical contact as well (Ozili and Arun, 2020). The more severely the people will maintain this, the sooner will be the improvement of this condition and thus, the world will be able to restore itself to its original state.

5. CONCLUSION

Several facts and statistics have been retrieved from a variety of sources and it has been found out that the widespread of the global pandemic has not only terrorized the people of the world but has also been responsible for decreasing the economic performance of the nations as well. Specifically, it can also be said that the tourism industry is at its worst position and the implications of this condition are severe on the global economy as well. This is because this sector is accounted for a contribution of 10% global GDP (Faus, 2020). Based on these facts, it can be said that nothing is there to be done at present but to wait and maintain the protocols developed for the safety of every individual and look forward towards an improved future in the upcoming period.



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