

Chapter 70

Impact of COVID–19 on International Trade: New Evidence From Economic Sectors

Reenu Kumari

Meerut Institute of Engineering and Technology, Meerut, India

Ashwani Sharma

Meerut Institute of Engineering and Technology, Meerut, India

ABSTRACT

All the countries are facing serious problems affecting their economic growth. In 2020, many countries faced negative GDP per capita growth due to the coronavirus pandemic. Therefore, this chapter investigates how coronavirus (COVID-19) affected international trade (IT) and how this changed over time. Secondly, the authors analyzed how international trade collapsed. Thirdly, the chapter highlights the negative effects of COVID-19 on international trade including economic sectors. Furthermore, it discussed the opportunities and forthcoming policies and what kinds of actions have been taken by the government bodies.

INTRODUCTION

Since 1990's, Trade has raised income by 24% worldwide, 50% for the poorest 40% of the population. The World Bank helps those countries who have suffered from employment, poverty, education, and infrastructure and provides a path for the access to international markets. Trade plays a significant role in the economic growth that reduces poverty, provides job opportunities, and makes better business relations between two different kinds of countries (including developing and developed countries). With the help of Trade reduce the obstacles between developed and developing countries, these obstacles include deter the accessibility in international market, ambiguous regulatory and administrative environment, political environment etc. Although, after globalization still all the developing countries are not experiencing the benefits of international trade due to climate change, culture changes, political change

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and technological changes. With the help of table 1 and figure 1 reveal that World import and export and import& export value index (2000=100) were increased during 2001-2005, 2006-2010, 2011-2016 but during 2016-2018 import as well as export were in decline.

Table 1. World imports and exports (2000-2018)

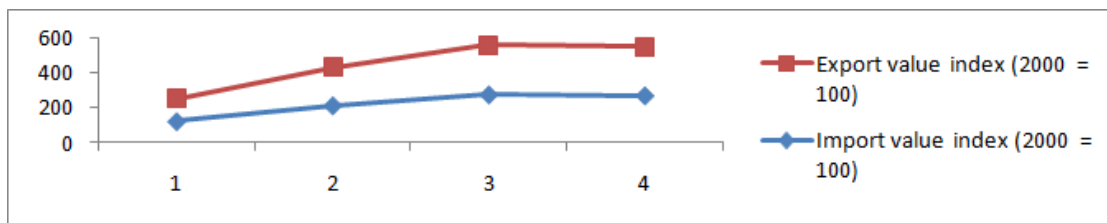
| World | Average (2001-2005) | Average (2006-2010) | Average (2011-2016) | Average (2016-2018) |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| Import value index (2000 = 100) | 123.589003 | 214.056424 | 276.169981 | 270.498911 |
| Export value index (2000 = 100) | 124.0503021 | 217.589578 | 283.296701 | 275.14651 |

Sources: World Bank, 2019

Figure 1. World imports and exports (2000-2018)

Sources: World Bank, 2019

Note: 1 represents year 2001-05, 2 represents 2006-10, 3 represents 2011-16, and 4 represents 2016-2018.



In 2019 and 2020, international trade will continue to decline in Developed and developing countries due to covid-19. Although, Infectious diseases are not new kind of diseases in the world as we saw covid 19 because in history people has also faced this type of diseases like SARS (2003), plague (2007), H1N1 (2009), cholera (1917), Ebola (2014), and MERS-Cov (2014). Although initially it was seen in China (Huang et al., 2020; Wu et al., 2020) and later it was spread in developed countries (US & Russia) and later in South-East Asian (Gruszczynski, 2020). Policy makers believed this disease could be controlled as previous diseases were controlled such as SARS. But this has not happened in most developing countries (SEA countries) and still they are facing the problem of Covid-19. It may be due to various factors like politics, availability of natural resources, government rules and regulations etc. This epidemic situation has extended to other areas (sectors) of the world and finally the World Health Organization (WHO) was announced as a pandemic.

Thus, COVID-19 continues to hit throughout the world, including health of the people, living standard, supply chain, economic growth etc. Now the question rose: how to win from this big battle and how to recover from the economic loss (including imports and exports). Although, George et al., (2010), Anaeto and Chioma, (2007) revealed that the economic impact of SARS, H1N1, avian influenza has varied from country to country and depends on how to deal with the disease. As compared with the situation in 2003, both have downfall trends of international trade but in 2003 the world international trade recovered on a large scale. Moreover, most of the studies (Siu and Wong 2004; Hai et al. 2004; Hanna and Huang 2004) analyzed the economic impacts of SARS. The spread of COVID-19 has shocked the world economy, suspending business exercises and forcing people to remain at home. As per gauges, the COVID-19

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