

# Coronavirus Economic Global Impact Research

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# Coronavirus - Economic Global Impact

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- International policy-makers are scrambling as the outbreak of a new deadly virus strain is creating chaos across the globe. The coronavirus, specifically known as the [2019 novel coronavirus \(2019-nCoV\)](#), is believed to have originated in Wuhan, China and now has infected at least [2,700 people and killed eighty-one](#).
- In addition to those within China, cases of the new virus have been reported in [eleven other countries](#).
- Wuhan and other cities across the Hubei province have been completely locked down by Chinese authorities. This means that more than 60 million people have had their [travel restricted](#). Global experts suspect that the virus is at least partially spreading through [human-to-human contact](#).
- The coronavirus outbreak has arrived at a bad time for Beijing, as it is right off the heels of continued protests in Hong Kong, and the [re-election victory](#) for pro-sovereignty President Tsai Ing-wen in Taiwan, according to [Robert A. Manning](#), a resident senior fellow in the Atlantic Council's Scowcroft Center for Strategy and Security.
- The virus first began to spread while Chinese factories were already not producing anything due to the [the Lunar New Year celebrations](#). In response to the rapidly expanding crisis, the government has now extended the holiday through Feb. 2, but if factories remain closed down for much longer, it could end up causing major disruptions to global supply chains. [China accounts for about 20 percent](#) of global manufacturing output.
- Businesses including McDonald's, Starbucks and several hotels have also chosen to [close select locations](#) to prevent the virus from spreading. American Airlines, United, British Airways and several other airlines have [cut flights to China](#) because of the outbreak.
- It is too soon to predict how much of an economic impact the coronavirus will have, but there are many economic analysts that are comparing this to the 2003 SARS outbreak and are using it as a benchmark. During that outbreak, more than [8,000 cases were confirmed and 774 people died](#). The World Bank has estimated that SARS cost the world [\\$54 billion](#).
- [China is now a much bigger player](#) in the global economy. In 2002, China was the sixth-largest economy in the world; in 2020, it's the second-largest. Today, what happens to

China's economy has a larger effect on the rest of the world.

- [The coronavirus](#) is starting to directly impact the global technology industry. Both [Apple](#) and [Google](#) have responded to the outbreak by shuttering stores and offices, restricting business travel to China and standing by for [supply chain disruption](#), as health officials around the globe try desperately to contain the disease.
- Many tech companies are closely watching the situation and have halted all unnecessary travel. [The Chinese laptop maker, Lenovo](#), stated it was stopping large in person meetings and letting more people telecommute until more is known about the outbreak.
- A pandemic could potentially result in an average annual economic loss of 0.7% of global GDP, or \$570 billion, according to [this report](#).
- [Hedge funds have shorted their positions](#) against airlines who operate a high volume of flights to China, with European carriers including British Airways, Lufthansa, Air France-KLM particularly exposed. All three have halted flights to and from China completely, while others have cut down on schedules.
- [It is just a fact that consumers rely on Chinese companies](#) for life-saving products. China is the globe's largest producer of active pharmaceutical ingredients, regardless of the fact that the finished medications get put together in the United States or another country. Experts agree, that while it's too soon to feel any effects, the coronavirus outbreak certainly adds to the unpredictability of that supply.
- The full weight of the virus on China's, as well as the global economy, will be known only after the spread of the coronavirus has been contained fully and normal business restored. However, early estimates say the coronavirus outbreak may cost China's economic growth by [0.5 per cent to 1 per cent](#). At 1 per cent, the loss to the Chinese economy would be over [\\$136 billion](#).
- China's economy is grinding to a halt as the government rushes to halt the spread of the [deadly coronavirus](#), stoking fears that efforts being made by the Chinese to contain the outbreak will have worldwide economic consequences. [As of January 31st, 2020](#), 16 cities in China [are on lock down](#).
- Facing tensions from the United States trade war and sluggish demand at home, [China's official GDP growth in 2019](#) was the slowest since [1990](#). Now they, and the rest of the world, are preparing for the economic pain that seems likely to come with the epidemic.
- “[China's economy is very important](#) in the global economy now, and when China's economy slows down we do feel that,” said [U.S. Federal Reserve Chairman Jerome Powell](#). “Not as much though as countries that are near China, or that trade more actively with China, like some Western European countries.”
- China has become essential to almost every sector of the global economy. It is the [globe's largest manufacturer](#) and imports more [crude oil](#) than any other country. Chinese travelers

are [the number one spenders](#) "in international tourism, making 150 million overseas trips worth [\\$277 billion in 2018](#)." Further, the country's 1.3 billion population constitutes the "largest market in the world for several categories of consumer goods which includes automobiles, spirits, and luxury goods", according to [this report by the McKinsey Global Institute](#).

- The [United States](#), [Japan](#) and India import more goods from China than anywhere else, and the [E.U.](#) and Brazil sell more to China than to any other country. Industry experts say that's likely to mean any fallout from the coronavirus outbreak will hit the global economy a lot harder than SARS did.
- "The spillover will be much bigger, because China has a much bigger role in the world economy," states [Warwick McKibbin, an economist at Australian National University](#), and one of the authors on [the study of the economic impact of SARS](#), tells TIME. He goes on to further state that "the incomes of a lot of Chinese have risen, [there's a very large middle class](#) and so the expenditure on travel and [consumption of luxury type goods](#)—that'll potentially be [impacted in a totally differently than it was in 2003](#)."
- [Financial markets have struggled the last week of January 2020](#), as traders grapple to price in the risk of the outbreak. [Investors have shifted their money](#) to [safe areas](#) like the U.S. dollar, the Japanese yen and gold. The prices of some commodities, including oil, [have tanked sharply over concerns](#) that the virus and measures to contain it will lead to lower demand from China, according to [Rabobank, a Dutch bank and financial services firm](#).

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