


Chapter 31

Economics and Financial Implications of Coronavirus Disease (COVID-19)

Salha Ben Salem

University of Monastir, Tunisia

Nadia Mansour

 <https://orcid.org/0000-0001-7690-7096>

University of Sousse, Tunisia & University of Salamanca, Spain

ABSTRACT

The strong spread of coronavirus (COVID-19) in a very short time has revised the global forecasts and the focus has revolved into economic and financial recovery. During this crisis, the stakes will depend on the combination of health and economic policy, the behavior of people, and the condition of the financial market and industries. This chapter highlights the huge economic and financial impact of Coronavirus, especially in the Eurozone and the USA, and how these governments are responding to this worst crisis. Further, it highlights the different lines of modification of the “Brexit” agreement. Finally, this chapter deals with the important effect of globalization in the context of this health crisis.

INTRODUCTION

The Coronavirus disease (COVID-19) is an infectious disease brought about by a newfound coronavirus. This virus affects most elderly people and those with basic clinical issues like cardiovascular ailment, diabetes, chronic respiratory ailment, and cancer (World Health Organization, 2020). At the beginning of the pandemic, analysts predict that it was a health crisis and not a financial crisis. Typically, in any pandemic, the worst-case scenario implies its prolongation to cities in developing countries marked by a very high number of people, the poverty of health and financial institutions, and millions cannot afford to pay treatments available.

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However, during this pandemic, there are also larger emerging and developed countries that will suffer more losses due to the loss of tourism and the strong spread of viruses. (Mansour & Ben Salem, 2020). In this sense, tourism is the act and process of spending time away from home in pursuit of recreation, relaxation, and pleasure, while making use of the commercial provision of services. As such, tourism is a product of modern social arrangements, beginning in Western Europe in the 17th century, although it has antecedents in Classical antiquity (Walton, 2018).

Currently, with the spread of its effect, the COVID-19 pandemic could be the most serious challenge to the real economy and financial sector in almost a century (PWC, 2020). As the economic fallout spreads, the government juggles concrete rules to reposition the financial sector and recalibrate the health services and the economy for the future.

Despite global efforts to avoid its spread, the COVID-19 has quickly spread from china to 213 countries and regions around the world. There are now more than 6,723 million affirmed cases of the virus worldwide and more than 393.55 individuals have died, as indicated by the World Health Organization and World-meter on 5 June 2020. In the United States and its regions, the number of affirmed cases has surpassed 1,924,760, while the death ascended more than 110,176.

The coronavirus disease mainly affected the USA, Spain, Italy, France, Germany, and the UK. Based on (table 1), 28.61% of cases and 27.99% of death have been in the USA while, 4.5% of cases and 32.95% of death have been in Spain, Italy, France, and UK (Marketwatch, 2020). Further, it has quarantined more than 90% of the U.S. population. The AFP report stipulates that the coronavirus pandemic has killed more than 15,000 persons in Europe. Four European countries have surpassed the 20,000- death threshold, which are Italy, Spain, France, and the United Kingdom, which is hard hit by the coronavirus

Table 1. Characteristics of most affected countries by the coronavirus disease 2019 (COVID-19) on 05 June 2020

Country	Total cases	Total deaths	Mortality rate (%)	Serious cases	Tot Cases/1M pop	Deaths/1M pop	HCI [2]
World	6,724,096	393,553		55,458	868	50,5	
Spain	287,74	27,133	9,42	617	6,154	580	78,68
Italy	234,013	33,589	14,35	338	3,57	557	66,59
France	152,444	29,055	19,05	1,163	2,336	445	79,99
UK	281,66	39,904	14,16	604	4,151	588	74,46
Germany	184,923	8,736	4,72	600	2,208	104	73,32
USA	1,924,189	110,179	5,72	17,083	5,816	333	56,29
Brazil	615,87	34,039	5,52	8,318	2,899	160	69,27
Canada	93,726	7,637	8,17	1,727	2,485	202	71,84
Russia	93,558	867	0,92	2,3	641	6	57,59
Iran	164,27	8,071	4,91	1,958	1,958	96	51,7
China	83,027	4,634	5,58	2	358	3	64,48
Japan	17,011	903	5,3	102	135	7	81,14
India	227,273	6,367	2,8	8,944	165	5	67,13

Mortality rate (%)= (Total deaths / Total cases); HCI: Health Care Index
Source: World Health Organization and Worldometer

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