THE ECONOMIC EFFECTS OF THE CORONAVIRUS PANDEMIC

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Abstract: *COVID-19 has infected the entire global economy and has already made tens of millions of unemployed worldwide. The COVID-19 pandemic is causing more and more fears about the great economic and social crisis that will hit the planet. World Bank experts are talking about the "deepest" recession since World War II and the worst economic crisis on the planet in 150 years. And the signs of the "economic apocalypse" are already everywhere. Nearly half of Filipino adults, or more than 27 million people, are currently unemployed as a result of the economic crisis caused by the coronavirus pandemic. Japan's economy, the world's third-largest economy, has seen the most dramatic economic downturn in history. The US unemployment rate continues to be the highest in the last 70 years, while the economy is also experiencing historic declines. And this is just the "first wave": analysts warn that the real economic crisis will hit at the end of 2020. For Romania, the economic forecasts for autumn 2020 show that GDP will fall by 5.2% in 2020 and increase by about 3 , 3% in 2021, and 3.8% in 2022, respectively. In this paper we aim to present the effects that the coronavirus pandemic has had so far on the world economy and in Romania in particular along with a presentation of the main forecasts regarding economic developments in the current context.*

Key words: economic evolutions, crisis, coronavirus, effects, solutions.

JEL Classification Codes: G01, O11, O50

1. INTRODUCTION

The outbreak of the novel coronavirus, named as COVID-19 (also known as SARSCoV-2) by the World Health Organization (WHO), has been declared a pandemic by the WHO. The rapid 'globalization' of the COVID-19 pandemic is something that the world perhaps has never encountered before. The infection of the COVID-19 virus was first reported in December of 2019 in Wuhan – the seventh largest city of China. Among the family of coronaviruses, the other coronaviruses the world encountered before are the Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). (Barua, 2020)

Since the COVID-19 [coronavirus disease 2019] outbreak was first diagnosed, it has spread to over 190 countries and all U S states The pandemic is having a noticeable impact on global economic growth Estimates so far indicate the virus could trim global economic growth by as much as 2 0% per month if current conditions persist and raise the risks of a global economic recession similar in magnitude to that experienced during the Great Depression of the 1930s Global trade could also fall by 13% to 32%, depending on the depth and extent of the global economic downturn The full impact will not be known until the effects of the pandemic peak. (Jakson&Weiss&all, 2020)

The COVID-19 pandemic due to the SARS-CoV-2 coronavirus has directly impacted the public health and economy worldwide. To overcome this problem, countries have adopted different policies and non-pharmaceutical interventions for controlling the spread of the virus. (Silva& Batista&all, 2020)

Although it might seem too early to talk about the economics of the COVID-19 outbreak, it remains pertinent due to the ravage it is causing through direct and indirect economic impacts across countries. The economic implications of the outbreak is broadly termed as ‘Coronanomics’, while some call it as the ‘Black Swan’ (Petro, 2020, March 20). Apparently, the outbreak has produced a ‘de-globalization’ process by forcing countries to lock-down borders, preventing normal flows of goods, capital, and humans, and business and production shut downs at least temporarily. That said, countries have already begun to feel the macroeconomic hit due to the outbreak and economists are increasing looking into them. In addition to dire health consequences, the COVID-19 outbreak is producing massive and far-reaching economic cost burdens for all nations including China, the US, Japan, Germany, Britain, France, and Italy - the G7 countries. (Barua, 2020)

All sectors have be affected. There is evidence that discretionary spending by consumers has collapsed. However, the consequences of COVID-19 will not be equally distributed throughout the economy. The problems are particularly bad in hospitality related sectors. Indeed, the global travel industry—from airlines to cruise companies, from casinos to hotels—is facing a big reduction of activity. Most tourist destinations are deserted, airlines are grounding fleets and firing staff, trade fairs and cruises are being cancelled, hotels and casinos closing all operations…. Besides these, there are other businesses that rely on tourism and suffer spillover effects. On top of travel restrictions and quarantines, companies are cancelling travel and meetings, and governments have closed borders. Additionally, it is well known that Chinese tourists are the world’s biggest spenders. (Fernandez, 2020)

The figure below shows the distribution of travel and tourism's total contribution to GDP in different countries.

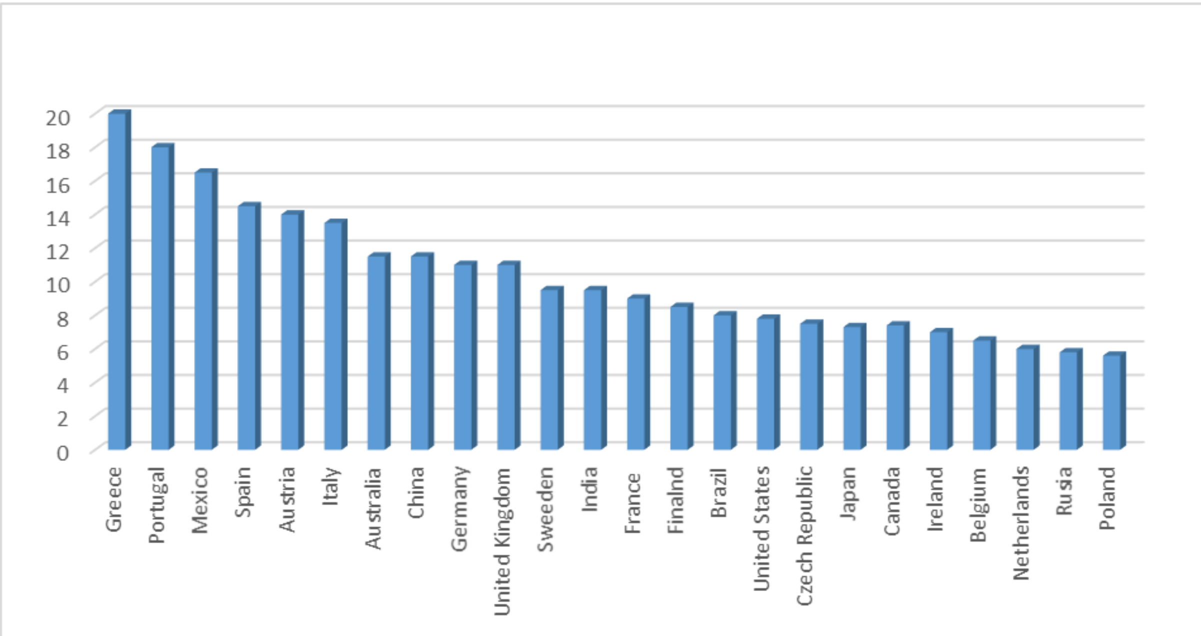

Figure no. 1 Tourism’s importance in different countries

Source: Relised by the author based on World Travel&Tourism Center, Global Economic Impact &Trends, 2020.

A substantial drop in travel affects many world destinations substantially. Obviously, countries like Greece, Portugal, Mexico or Spain that are more reliant on tourism (more than 15% of GDP) are will be more affected by this crisis. Despite globalization, much activity remains local. Many of the services we use on a daily basis are not traded and remain locally sourced. Here too, there is a strong negative impact to the economy. As people cancel appointments at the dentist, postpone their haircuts, do not go out for their weekly meal, or wait to put their house on the market, this is a strong blow to service oriented economies. Indeed, in service sectors, the majority of the lost output is never going to be recovered. If you are thinking of buying a mobile phone or a microwave, you are likely going to wait and buy that product later (assuming this shock is temporary and you still have a job and available income when it's over). However, if you do not go out to restaurants for your weekly dinner during this shut-down, it is very unlikely that you will start to have dinner out every day when the COVID-19 crisis disappears, to make up for the “lost dinners.” Nor will you cut your hair twice in the same week. (Fernandez, 2020)

The COVID-19 so far is showing symptoms of renewal and revision of international relationship and economic cooperation. There could be some positive outcomes in the area of relationships between nations, as countries extend help to each other and try to fight the pandemic through friendly collaboration. The unprecedented systemic challenges thrown by the COVID-19 pandemic, and the global responses seen already, could foster the transformation of the traditional patterns of donor-recipient aid relations towards a new model of international cooperation between all countries. However, even during the pandemic, the relationship between China and the US remains volatile; while war of words and accusations about the origin of the virus remains open, discussions of joint efforts also happen between the two nations to fight the pandemic (Fuchs, 2020).

The pandemic caused by the new coronavirus is a huge shock to economies, both in the EU and globally, with very serious socio-economic consequences. Although the contraction in the economy in 2020 seems less severe than initially estimated, uncertainty remains very high, given the recent evolution of the pandemic, and real output is expected to return to pre-crisis levels only at the end of 2022. It is also projected that the budget deficit will increase significantly, as the budgetary effort needed to combat the crisis adds to past fiscal slippages.

In Europe economic activity suffered a major shock in the first half of the year and began to recover in the second half of the year, with the gradual elimination of restrictive measures. However, the pandemic is causing a number of disruptions, while national authorities are introducing new public health measures to limit the spread of the virus. The epidemiological situation in continuous change makes the growth forecasts for the analyzed period to have an extremely high degree of uncertainty and risks.

However, the recovery was interrupted and incomplete, and the forecasts for the summer of 2020 have changed in their fall version. Thus, according to the European Commission economic forecasts for autumn 2020, the euro area economy will shrink by 7.8% in 2020, before an increase of 4.2% in 2021 and 3% in 2022. According to forecasts, the EU economy will contracted by 7.4% in 2020, before recovering with an increase of 4.1% in 2021 and 3% in 2022. Compared to the economic forecasts for the summer of 2020, the growth forecasts for the euro area and the EU they are slightly more optimistic for 2020 and more temperate for 2021. Neither in the euro area nor in the EU is production expected to return to pre-pandemic levels in 2022.

The economic impact of the pandemic has varied widely in the EU and the same variability applies to the prospects for recovery. This non-uniformity reflects the spread of the virus, the strictness of public health measures adopted to control it, the sectoral composition of national economies and the strength of national policy responses.

2. THE WORLDWIDE ECONOMIC EFFECTS OF THE PANDEMIC

The COVID-19 pandemic is causing more and more fears about the great economic and social crisis that will hit the planet. World Bank experts in Global Economic Outlook are talking about the "deepest" recession since World War II and the worst economic crisis on the planet in 150 years. And the signs of the "economic apocalypse" are already everywhere. Nearly half of Filipino adults, or more than 27 million people, are currently unemployed as a result of the economic crisis caused by the coronavirus pandemic. Japan's economy, the world's third-largest economy, has seen the most dramatic economic downturn in history. The US unemployment rate continues to be the highest in the last 70 years, while the economy is also experiencing historic declines. And analysts say this is just the "first wave."

Coronavirus has put an end to a decade of growth in the United States and Germany, the European country with the largest economy, is expecting the worst recession since 1945.

US GDP fell with 4.8% in the first three quarters of 2020 as the pandemic shut down entire sectors of the economy. This is the most significant fall since the fourth quarter of 2008, when the US was hit hard by the financial crisis.

In Germany, the coronavirus will cause the worst economic recession since World War II, according to the German government, which also says the challenges are not only economic but also political. GDP will fall by -6.3% in 2020 compared to the forecast of + 1.1% in January, before the pandemic. For 2021, Germany expects a recovery in the economy, with an expansion of + 5.2%. This forecast takes into account the scenario of a gradual lifting of the quarantine measures imposed to stop the advance of the coronavirus pandemic.

Japan, the world's third-largest economy, has entered a recession after two consecutive quarters of economic downturn. Data for April-June represent the largest decline since 1980, when figures for comparison became available. One of the main factors in the decline was the drastic reduction in domestic consumption, which accounts for more than 50% of the Japanese economy.

It is important to know that 2020 also marks the end of China’s current five-year development plan. Within this plan, there was an objective of doubling the size of the Chinese economy by 2020 (relative to 2010). In order to do that, growth above 6% was needed for 2020. The authorities are trying to maintain stable growth expectations through economic stimulus. However, businesses’ capital expenditures and consumer spending can ultimately create challenges in pushing for the target GDP level. Indeed, even as the economy starts to work again, three months after the outbreak, businesses are still not operating at normal capacity. As an example, the average Chinese SME is at a 60% work rate. It is also now clear that the COVID-19 has spread globally, which will dampen demand globally and mean less demand for Chinese products. (Fernandez, 2020)

The European Union's economy is also experiencing historic declines. Among the Member States, in the second quarter of 2020, compared to the previous three months, the most severe decline was in Spain (minus 18.5%), Portugal (minus 14.1%) and France (minus 13.8%). The recession is expected to be steeper than initially anticipated.

In the Philippines, 27 million people no longer have a job, almost half of the country's adult population. Unemployment has reached a record high of 45.5% of the adult workforce. Since mid-March, the Philippines has imposed some of the longest and harshest quarantine measures in the world. But despite heavy quarantine, the closure of all non-essential companies and borders, the Philippines is one of the largest outbreaks of COVID-19 in Southeast Asia.

India's exports of gemstones and jewelry fell 38 percent in July compared to the similar period in 2019 to $ 1.36 billion, amid global isolation measures to stop the spread of the coronavirus pandemic. The industry has been hit twice, following a significant decline in export orders and labor shortages as a result of the pandemic. Following the decline in exports of polished and polished diamonds, imports of rough diamonds were also reduced, which in April-July 2020 fell by 82% to $ 712.6 million. Quarantine measures and restrictions to prevent the spread of coronavirus have severely affected mango production and exports (India being the world's largest producer in this regard). The neighboring country, Pakistan, also reported a 40% decrease in mango exports, compared to 2019, when 1.5 million tons were produced and 115,000 tons were exported, worth 80 million dollars.

According to World Bank Global Economic Outlook, 60 million people will reach "extreme poverty" and live on less than $ 2 a day. Specifically, World Bank experts define "extreme poverty" as living on less than $ 1.90 a person per day.

The whole Africa has been severely affected by declining tourism. Travel restrictions and social isolation measures have led to a dramatic decline in air transport, with a major impact on tourism, especially in this continent which is highly dependent on this industry and relies mainly on tourists with money from abroad. At the beginning of 2020, Africa's tourism industry was booming and developing, with highly optimistic earnings estimates of billions of dollars. However, the coronavirus epidemic turned all plans upside down: reservations were canceled and safaris postponed.

A similar situation is encountered in the case of all "tropical paradises", which are based almost exclusively on income from tourism. According to the World Travel and Tourism Council in the Economic Impact Report, the tourism and hospitality industry currently contributes 10% of GDP to the overall level, while one in 10 trades in the world is related to this field. And the countries whose economies are mostly based on tourism are also hardest hit by the economic crisis caused by the coronavirus pandemic: the British Virgin Islands, Aruba, Maldives, Seychelles, Macao, Antigua and Barbuda, or the Bahamas.

The pandemic is expected to plunge most countries into recession in 2020, with per capita income contracting in the largest fraction of countries globally since 1870. Advanced economies are projected to shrink 7 percent. That weakness will spill over to the outlook for emerging market and developing economies, who are forecast to contract by 2.5 percent as they cope with their own domestic outbreaks of the virus. This would represent the weakest showing by this group of economies in at least sixty years. (World Bank, 2020)

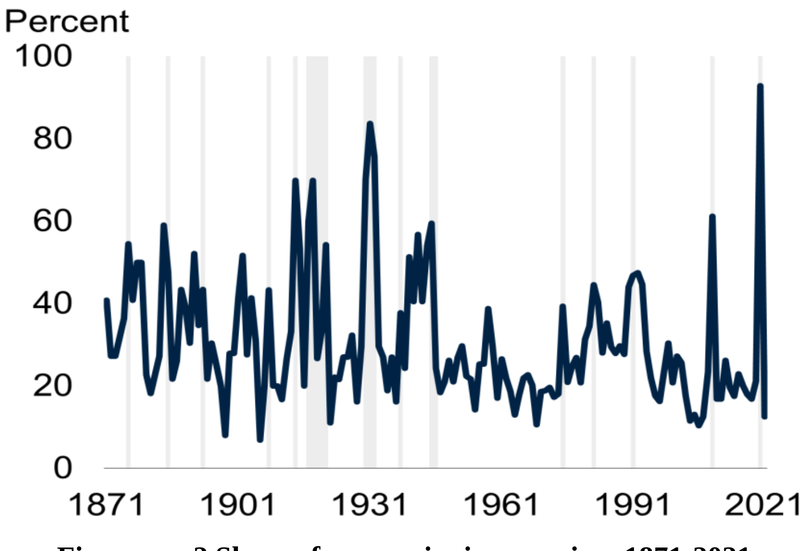

Figure no. 2 Share of economies in recession, 1871-2021

Source: World Bank, The Economic Global Outlook, 2020.

Looking at the speed with which the crisis has overtaken the global economy may provide a clue to how deep the recession will be. The sharp pace of global growth forecast downgrades points to the possibility of yet further downward revisions and the need for additional action by policymakers in coming months to support economic activity. (World Bank, 2020)

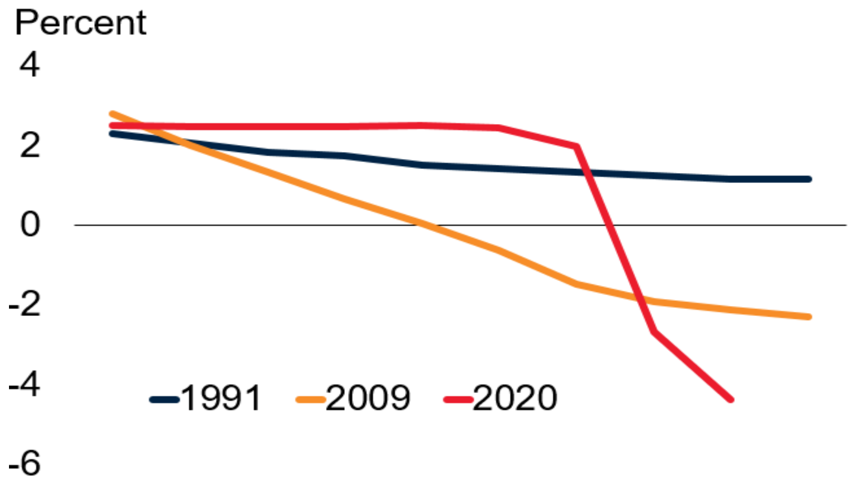

Figure no. 3 Consensus forecasts of Global GDP Growth

Source: World Bank, The Economic Global Outlook, 2020.

3. ROMANIA'S VULNERABILITIES DURING THE PANDEMIC FROM AN ECONOMIC POINT OF VIEW

First of all, Romania entered this crisis with a budget deficit already over 4%, this was happening at the end of 2019. All states are trying to overcome this crisis, by putting more and more money into the economy and by covering some costs, such as technical unemployment. But this is exacerbating the budget deficit. It is estimated that Romania will register around 9.3% -9.4% this year. It has already reported over 4% for the first six months of the year. A first vulnerability is that it has weakened in this crisis.

A second vulnerability is that Romania, unfortunately, has a political fragility given by local elections and parliamentary elections, and this political fragility prevents it from taking stronger measures in terms of fiscal consolidation, well-targeted investment programs, measures farms on a number of topics: pensions, allowances and so on. It is very important for Romania to have a stable and solid Government that can take firm measures and that allows to overcome the crisis successfully.

And last but not least, a vulnerability of Romania is the fact that it is closely related to the extent to which other European states, and not only, will manage to overcome the crisis, for Romania it is very important that the production activity, which is the basis of Romanian exports, continue to operate. This is not possible without a sustained economic recovery in other countries, especially in the European Union.

According to the European Commission in Romania - GDP will decrease by 5.2% in 2020 and will increase by about 3.3% in 2021, respectively by 3.8% in 2022.

Table no. 1 Romania's main economic indicators (forecast)

	2019	2020	2021	2022
GDP (% from an year to another)	4.2	-5.2	3.3	3.8
Inflation (% from an year to another)	3.9	2.5	2.5	2.4
Unemployment rate (%)	3.9	5.9	6.2	5.1
Budgetary deficit (% from GDP)	-4.4	-10.3	-11.3	-12.5
Gross public debt (% from GDP)	35.3	46.7	54.6	63.6
Current account balance (% from GDP)	-4.7	-4.6	-4.8	-4.9

Source: realized by the author using the data from: https://ec.europa.eu/eurostat/data/database

4. WHAT WILL COME NEXT?

The coronavirus will be followed by a debt pandemic. The pandemic will cost many lives and, at the same time, a $ 12 trillion economic loss. That is why the debts will increase massively. No country will escape this, the IMF warns in its Outlook Report.

Economic performance will decline this year marked by a worldwide coronavirus pandemic. There is no evidence to the contrary. Controversies are only related to the size of the economic downturn and the chances of calming the situation in the medium term.

The World Bank (in Global Economic Outlook) and the International Monetary Fund (in World Economic Outlook) have released grim forecasts with catastrophic figures, while governments around the world are reassuring that the economy will recover soon, starting in 2021.

According to the calculations of the International Monetary Fund, the performance of the global economy will be this year and next year with a total of 12.5 trillion dollars (11 trillion euros) lower. This is the "worst recession" since the global economic crisis about 90 years ago.

As a consequence of the crisis, public debt will exceed this year, in terms of economic performance, the maximum level recorded at the end of World War II. The economic situation must be supported in these circumstances, and poor countries need even more help from rich states. In addition, after the pandemic has been overcome, indebtedness must once again be curtailed by harsh austerity measures.

The IMF is considering a 4.4 percent reduction in the global economy for this year and expects a recovery in 2021, with a 5.4 percent increase. But, also according to the IMF, this positive development will take place only on the condition that a third wave of the pandemic, with new lockdowns, does not intervene, canceling any increase.

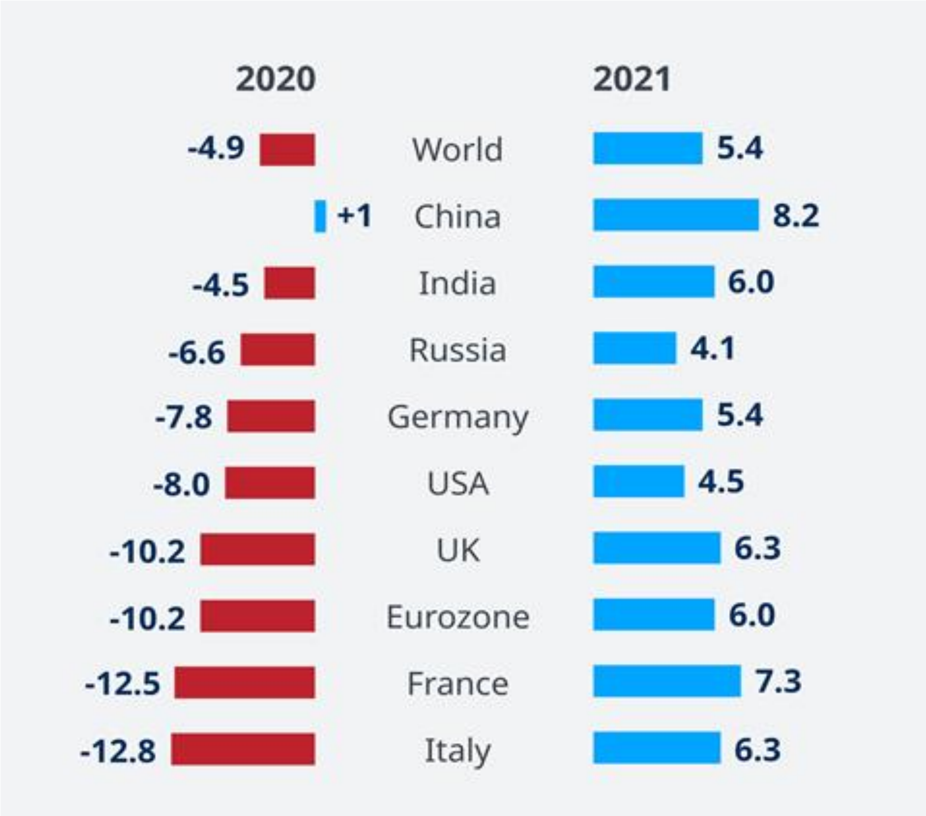

Figure no. 4 Global economy changes over the previous year in percent (forecast)

Source: International Monetary Fund, World Economic Outlook, 2020.

The World Bank's forecast is even gloomier. The global economy will shrink by 5.2 percent this year. Back in January, Washington experts anticipated a 2.5 percent increase. And they now warn that estimates could worsen if uncertainties about the pandemic and possible limitations on the economy and public life are prolonged.

For industrialized countries, the World Bank anticipates a decrease of seven percent, and for emerging countries a decrease of 2.5 percent. For the USA, the World Bank forecasts a decrease of 6.1 percent, and for the Eurozone a record decrease of 9.1 percent.

Instead, the institution's experts expect the economy of China, the country where the virus first appeared, to grow by one percent.

The forecasts of the IMF and the World Bank on the decline of the global economy refer to the so-called real economy. In the financial sector, the situation looks different. Currently, the trade in financial products is experiencing a real boom, attested by the record values of stock market indices. Investors often direct their money to financial markets because, from their perspective, it is more profitable to multiply them with financial instruments than to invest them in the real economy. The market with so-called derivatives (eg futures, options, futures or swaps) exceeds the performance of the global economy several times. In 2019, it amounted to about 87 trillion dollars.

The creators of the huge amount of money in circulation, which is still growing, are the governments and the issuing banks. They continue to print new money, which they pump into the market to compensate for deflationary trends or the desire to reduce the danger of a recession. But in this way, new money is hurting the economy rather than helping it, especially if the financial system global will once again reach the crash situation it last encountered in 2008.

5. EU INVOLVEMENT IN COMBATING THE EFFECTS OF COVID 19

The Coronavirus Response Investment Initiative (CRII) and the Coronavirus Response Plus Investment Initiative (CRII +) allow Member States to use cohesion policy funds to support the most severely affected sectors, such as health systems, small businesses and labor markets. The initiative combines the mobilization of immediate financial support from the Structural Funds, to meet the most urgent needs, with the application of maximum flexibility in the use of funds. Through the Coronavirus Response Investment Initiatives, the European Commission is providing Europeans with quick and easy help during this difficult time. The regions also benefit from a temporary increase in EU co-financing, which can reach 100%.

The funds can be used for:

- ✓ buy medical equipment;
- ✓ pay the medical staff;
- ✓ support the unemployed;
- ✓ maintain jobs;
- ✓ support small businesses.

Under the C Investment Initiative, the worst-affected Member States can also rely on up to EUR 800 million from the EU Solidarity Fund.

On 2 April 2020, the European Commission made the use of funds even more flexible, exceptionally allowing Member States to use the uncommitted funds, totaling EUR 54 billion in 2020, for measures to help them make money against the pandemic caused by coronavirus. This flexibility:

- ✓ allows Member States to request from the EU, exceptionally, 100% co-financing for their cohesion policy programs;
- ✓ facilitates the transfer of resources between funds, as well as between categories of regions;
- ✓ allows the redirection of resources to the areas most affected by the current crisis;
- ✓ simplifies procedures related to program implementation and audit.

The Emergency Support Instrument also helps Member States cope with the coronavirus pandemic. It offers a variety of EU tools to address the needs that can best be addressed in a strategic and coordinated way at European level. It is the funding component of the European Roadmap for lifting measures to limit the spread of coronavirus. It contributes to mitigating the immediate consequences of the pandemic and anticipates the needs of exit from the crisis and recovery.

If we refer strictly to Romania, on 28 September, the European Commission approved the modification of the Operational Programme ‘Competitiveness' for Romania. Under the flexibility of the Coronavirus Response Investment Initiative and the Coronavirus Response Investment Initiative Plus, €550 million of Cohesion policy funding was redirected to mitigate the effects of the coronavirus crisis on the country's economy. The funding was earmarked to support over 120,000 micro, small and medium enterprises, as well as initiatives in the fields of digitalisation and e-education. (European Commision, 2020)

In addition, more than EUR 350 million from European Union (ERDF) funds are mobilized for the purchase of personal protective equipment, tests and fans for 144 public health centers, decontamination facilities and patient care support with COVID-19, as well as for the purchase of hygiene products for vulnerable groups.

By providing over EUR 450 million (ESF), European Union funds have contributed financially to supporting and motivating the Romanian workforce throughout this crisis, ranging from additional payments for doctors and medical staff (EUR 120 million) to payments for social workers (EUR 30 million) and subsidies for technically unemployed workers (EUR 300 million). Another EUR 130 million has been committed through the FEAD to provide food and hygiene packages to disadvantaged people. And these are just a few examples of the help that Romania received from the EU.

6. CONCLUSIONS

The Coronavirus Response Investment Initiative (CRII) and the Coronavirus Response

COVID-19 is jeopardizing economies - no matter large or small, developed or developing. As of today, end to this pandemic remains uncertain. The uncertainty is causing loss of public confidence worldwide. The macroeconomic impacts in any economy are likely to worsen across economies, if consumer and producer confidence is lost and a powerful demand shock coupled with massive supply-side supports cannot be implemented in a timely manner. In the current context, recovery from the disease is primary and economics is secondary. However, as evidence of economic adversities emerge, it would be wise to begin from now designing and implementing aggressive and innovative policy actions with a long term perspective to prevent the looming. Or, if someone waits for the pandemic to end before taking effective measures, it might too late and an economic depression might become inevitable and unavoidable. (Barua, 2020)

The COVID-19 crisis spread rapidly throughout the world last. We are facing a totally new type of crisis. In this case, the health risk (actual mortality and infection rates) is not necessarily correlated with the economic risk to the global economy. Historically, global trade has allowed countries to share risk. This time, this channel is not likely to help much. This is a global shock when the world is much more integrated. Interest rates are at historical lows, and the current crisis is also generating spillover effects throughout supply chains. A global recession now seems inevitable. But how deep and long the downturn will be depends on the success of measures taken to prevent the spread of COVID-19, the effects of government policies to alleviate liquidity problems in SMEs and to support families under financial distress. It also depends upon how companies react and prepare for the re-start of economic activities. And, above all, it depends on how long the current lockdowns will last. (Fernandez, 2020)

The economic impact is bi-directional for COVID-19. It has both supply and demand effects. With regards to consumption, we have been facing changing consumer attitudes and marketing channels. At the beginning of the COVID-19 process, rising consumption demand has been encountered attached to stockpiling. But, both the demand dynamics and consumption and purchasing attitudes have changed. Web based online shopping tools have long been used all over the world. However, due to the quarantine enforcements Historical evidence for economic effects of COVID-19 821 1 3 and voluntary social distancing, there is a tendency to leave physical retail channels and shift to online shopping became visible. Therefore, much of the consumption started to take place online and mostly restricted to consumables. While demand for necessities grows, aggregate demand has been falling. This rising online retailing tendency may induce growth in delivery sectors. But it also means unemployment in medium and large scale retail outlets. Accordingly, the excess labor supply of retailing is a matter of fact to be considered. No one can accurately predict the final financial damage from COVID-19. This obviously depends on timing, the severity of the pandemic into future weeks/months, and countries' policy responses. Also, hopes of a coronavirus vaccine mount, which would be welcome news. (Fernandez, 2020)

Loss of jobs and rising unemployment have put great pressure on the livelihoods of many Europeans. The policy measures taken by Member States, together with EU-level initiatives, have helped to mitigate the impact of the pandemic on labor markets. Due to the unprecedented scale of the measures taken, in particular through short-term work programs, the rise in the unemployment rate has been mitigated in the context of declining economic activity. Unemployment is expected to continue to rise in 2021 as Member States phase out emergency support measures and new people enter the labor market, but it should improve in 2022 as the economy continues to recover.

The euro area unemployment rate is projected to rise from 7.5% in 2019 to 8.3% in 2020 and 9.4% in 2021, to fall to 8.9% in 2022. It is estimated that the unemployment rate in the EU it will increase from 6.7% in 2019 to 7.7% in 2020 and to 8.6% in 2021, and will decrease to 8.0% in 2022.

Public deficits are also expected to increase significantly in the EU this year, given rising social spending and declining tax revenues, both as a consequence of exceptional policy measures to support the economy, as well as the existence of automatic stabilizers.

Also, the euro area's aggregate government deficit is projected to rise from 0.6% of GDP in 2019 to around 8.8% in 2020, before declining to 6.4% in 2021 and 4.7% in 2022. This development reflects the phasing out of emergency support measures during 2021, as the economic situation improves. Reflecting the increase in deficits, forecasts estimate that the share of debt in GDP at the aggregate level in the euro area will increase from 85.9% of GDP in 2019 to 101.7% in 2020, 102.3% in 2021 and 102.6% in 2022.

However, the uncertainties and risks related to the economic forecasts for autumn 2020 remain extremely high. The main risk results from the worsening of the pandemic, which requires stricter public health measures and has a more serious and lasting impact on the economy. This context motivated an analysis of the scenarios involving two alternative ways of pandemic evolution - one more benign and one aggravating - and their economic impact. There is also a risk that the scars left by the pandemic in the economy - such as bankruptcies, long-term unemployment and supply disruptions - will be deeper and more extensive. The European economy would also suffer if the world economy and world trade improved less than projected or if trade tensions increased. The possibility of financial market pressure is another risk of negative developments.

From a positive perspective, it is possible that NextGenerationEU, the EU's economic recovery program, which includes the recovery and resilience mechanism, will stimulate the EU economy more strongly. This effect is due to the fact that the forecasts could only partially include the likely benefits of these initiatives, as the information available at this stage on national plans is still limited. An EU-UK trade agreement would also have the potential to have a positive impact on the EU economy from 2021 onwards, compared to the baseline scenario where UK-EU trade would be governed by WTO rules on the clause of the most favored nation.

Regarding this general overview, we can conclude that governments and financial management authorities should focus on three issues in the short term. In terms of economics, controlling labor market impurities and backward support to industries and services sector by financial tools are essential. Morality assistance to individuals and societies is also required for economic and social trust. Without trust, none of the sectoral impositions will be effective in economic recovery both with demand and supply aspects. Besides, the COVID-19 experience showed the need for reorganization of health care services in a collaboratively. It is not hard to say that COVID-19 experience will change many economic and social dynamics. Relieving the pain needs proper time management and financial planning, and we learned the urge to get prepared for the future. (Ceylan&Ozkan& Mulazimogullari, 2020)

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