

Possible Consequences Of The Pandemic On The Economy Of Uzbekistan

Nargiza Kamilova Ph.D.,

associate Professor Samarkand Institute of Economics and Service,
city of Samarkand, Uzbekistan.

nargizaabdukahorovna@gmail.com

Abstract: It is undoubtedly too early to Assess the impact of the coronavirus epidemic on the world economy. But we can only assume that we are waiting for "around the corner", since all the major countries have already determined their way to combat today's difficulties. It is already clear that the consequences of the pandemic will be serious, and the authorities of developed countries expect the worst. The large-scale measures that are being taken today have not been taken since the global financial and economic crisis of 2008.

Keyword: World health organization (who), COVID-19, world economy, pandemic, fiscal measures, emergency, international monetary Fund (IMF), business activity.

At the end of 2019, in the Chinese city of Wuhan, during an outbreak of pneumonia, a new type of coronavirus was discovered, for which there was no cure yet. It turned out that a new type of virus is transmitted from person to person by airborne droplets or contact. In this regard, on January 25, 2020, the highest level of emergency response – 1 – was introduced in 25 provinces of China.

Then on January 31, 2020, the Italian government imposed a state of emergency for six months due to the epidemic. At the end of February, South Korea also declared a state of emergency, on March 13 in the United States was declared an emergency. on March 16, a state of emergency was introduced in

Kazakhstan, on March 22-in Kyrgyzstan, Abakan became the first city in Russia to introduce an emergency mode due to coronavirus.

Symptoms of a new virus from the coronavirus family were the following signs:

- ✓ fever-90% ;
- ✓ cough-80% ;
- ✓ shortness of breath - 55% ;
- ✓ fatigue-44% ;
- ✓ headache-8% .

Coronaviruses are a family of viruses with a specific appearance and specific penetration into the body, that is, the processes around the virus that resemble a crown that produces useful substances for cells. After the body gets used to it, the virus injects its RNA into the cytoplasm. So instead of normal proteins in the ribosome, proteins and copies of the virus are produced, but the human immune system does not respond to it immediately, since it takes it for a useful one.

Coronaviruses are a family of viruses that can cause various diseases in people-from the common cold to SARS. Viruses from this family also cause a number of diseases in animals. Moreover, information about the transmission, severity and clinical impact of the infection is very limited.

Many believe that the temperature of the environment affects the spread of the virus, but this is a big misconception, since under all conditions the body temperature remains the same, about 37 degrees. But, temperature and humidity can affect the duration of the virus on surfaces.

COVID-19 is 79% the same as RNA SARS-CoV (Severe Acute Respiratory Syndrome coronavirus, 2002) and 50% the same as MERS-CoV (2012), 87.6% the same as bat coronavirus. This leads to the conclusion that COVID-19 is not a biological or chemical weapon. In addition, questions about the creation of a coronavirus as a biological or chemical weapons. In addition, the head of the

Wuhan Institute of Virology, Yuan Zhiming, answered questions about creating a coronavirus as a biological weapon. Yuan Zhiming stated that "today, scientists do not have enough knowledge to artificially create a virus like a new type of coronavirus, and I will never believe that humanity already has enough knowledge to synthesize such a virus."

According to the Director-General of the World Health Organization (WHO), Tedros A. Ghebreyesus, "This virus is not SARS, MERS, or influenza. This is a unique virus with a unique character. As for the flu, people who are infected but not yet sick are the main transmission factors, which does not seem to apply to COVID-19... The second significant difference is that COVID-19 causes more severe diseases than seasonal flu. Worldwide, about 3.4% of reported cases of COVID-19 have died, while seasonal flu kills much less - 1% of those infected."

On January 30, 2020, the World Health Organization (WHO) recognized an emergency (emergency) outbreak in China of pneumonia caused by the coronavirus 2019-nCoV. On the same day, the International Monetary Fund (IMF) recognized that the epidemic will affect the entire global economy. On 11 March 2020, WHO announced that the coronavirus outbreak had become a pandemic.

A pandemic is an extremely severe epidemic that has spread across continents, the highest level of the epidemic process. According to WHO criteria, a pandemic is the spread of a new disease on a global scale.

According to experts, the losses associated with the pandemic are primarily felt in the following areas:

- foreign trade;
- transport (air, auto, railway);
- tourism, hotels and restaurants;
- offline services and entertainment (hairdressers, fitness clubs, sports, theater, movies), etc.

But, there are also winning areas:

- local trade (e-commerce), especially food and ready-made food;
- online entertainment;
- production and sale of medical products and goods;
- medicine, primarily remote;
- production of food and agricultural products.

The main question is not what will slow down: the world economy or the economy of a certain state, but what will the economy look like after the coronavirus pandemic? Will we go back to the way we lived before the coronavirus?

On January 29, 2020, Uzbekistan provided for the formation of a Special Republican Commission to prepare a Program of measures to prevent the import and spread of a new type of coronavirus in the Republic. The first case of coronavirus infection was detected on March 15 this year in a citizen who arrived from France. After that, from March 16, preschool, secondary and higher educational institutions were closed for quarantine, mass events were canceled, air traffic was limited, and borders were closed.

It should be noted that in no country was it possible to identify the chain of distribution of the coronavirus at the very beginning. Everywhere the disease spread before it was detected. So Uzbekistan was not ready for a pandemic, the country did not have a clearly developed legislation in this area, which led to the fact that, in fact, introducing an emergency regime in the country, the authorities call it quarantine measures. "Restrictive measures (quarantine) – administrative, health and other measures aimed at preventing the spread of infectious and parasitic diseases, providing for a special regime of economic and other activities, restricting the movement of people, vehicles, goods and goods".

To date, quarantine measures have been taken to reduce the Base Reproductive Number (a number that indicates the number of people that a single infected person can infect). For COVID-19, this indicator is 2.57 (about 2.6).

What is the threat of a pandemic?

First, for the national economy, the pandemic threatens to reduce business activity within the country.

Business activity is a comprehensive description of entrepreneurial activity and the efficiency of resource use. This happens when consumers don't spend money and firms don't invest. As a result of the slowdown in business activity, people's incomes will naturally suffer. Especially vulnerable groups of people during this period are people who work on piecework, and the low-income segment of the population who do not have savings. The decline in economic (business) activity has a stronger impact on people who are not employed in permanent and official jobs with fixed pay.

In Uzbekistan, the formal economy employs only 5.6 million people out of a total workforce of 19 million, which means that about 13.4 million are vulnerable to economic shocks. Consequently, when workers lose their income, they start to consume and spend less, and the crisis will eventually spiral.

When taking anti-crisis measures, it is necessary to realize that no one will be left out of the negative impact of the pandemic, even those who should not suffer. The indirect economic consequences of the virus hit low-income people harder. According to former world Bank economist David Evans, "women can disproportionately experience the economic and social consequences of coronavirus."

The second indicator of risk is the slowdown in the global economy, in particular the economies of countries with which we have close economic ties, especially where we receive money transfers. The Russian ruble has fallen sharply due to falling oil prices, which means that money transfers from Russia will decrease. Moreover, due to the downturn of the Russian economy, most of our migrants may be out of work or will feel a reduction in spending (as it was in 2014). Because of the decline in remittances, the income of people who depend on

these transfers will be spent much less, which will further spur a slowdown in our economy and lead to a decrease in the income of all people (even those who do not depend on these transfers directly).

For example, industrial production in China fell in January-February 2020, the most in the past 30 years. Analysts at Goldman Sachs lowered their forecast for China's economic growth in 2020 to 3 percent from the previously expected 5.5 percent. "This could make global growth much more difficult," points out Jeffrey Frankel of Harvard University, "because the world economy is more dependent on China than ever. In 2003, China accounted for only 4 per cent of global GDP; today, this figure is 17 per cent (at the current exchange rate). Moreover, since China is the global center of the supply chain, disruptions in China undermine production elsewhere... All of China's major trading partners are vulnerable."

The fact that the situation in China and in the world affects the state of the economy of Uzbekistan, probably, no one doubts. "The coronavirus pandemic, as in all countries of the world," President of the Republic of Uzbekistan Sh. Mirziyoyev said at a government meeting on March 18, 2020, "will naturally have a negative impact on our economy." Gas supplies from Kazakhstan and Uzbekistan to China decreased by 20 percent. But, of course, the most striking example was the fact that JSC UzAuto Motors reported that due to the outbreak of coronavirus in China, deliveries of Chevrolet Equinox cars are delayed indefinitely. The decline in demand from China and the subsequent decline in world prices for goods, including oil and gas products, can damage the economy of a huge region. The volume of exports from Uzbekistan to China has already decreased.

Uzbekistan has trade relations with 193 countries. Three countries account for 42 per cent of its foreign trade turnover: China (18.1 per cent), the Russian Federation (15.7 per cent) and Kazakhstan (8.0 per cent). Our country has a weak diversification of the portfolio of trading partners, which is one of the main risks

for the domestic economy. With the global economy slowing down, investors will prefer to invest in safe-haven securities and try not to invest in developing countries. But, unfortunately, the volume of foreign investment in our country is not so large as to have a significant effect on people's incomes.

The epidemic has the greatest and most direct impact on the service sector (catering, tourism, transport, and entertainment). During the quarantine period, public catering companies lost 40 percent of sales, said A. Melibayev, founder of the Havoqand People group of companies (Les Ailes, Chopar, Burger "Bro" and other projects). In hotels, the occupancy rate dropped to 35 percent. According to aviation industry expert A. Lanetsky, the amount of damage to Uzbekistan Airways from the suspension of air services between the countries due to COVID-19 is estimated at \$ 20 million. The total amount of damage to the economy of Uzbekistan in 2020 from the pandemic is estimated at 2.2 billion dollars. In addition, given the depreciation of the ruble (Russia is a country that receives more than 80 percent of labor migrants from Uzbekistan), our country will not receive 1.6 billion dollars in remittances. That is, the total amount of losses is estimated at \$ 3.8 billion this year.

Quarantine can also lead to other consequences in the social life of society, such as in China, where the divorce rate has increased significantly due to quarantine due to coronavirus infection. When couples are forced to spend all their time at home, in the face of the threat of COVID-19, anxiety and financial instability, there is an end to patience, nervous tension spills out, scandals begin and people move away from each other.

According to the Central Bank, the impact of the "coronavirus effect" on domestic prices is expected to be one-time and short-term. At the same time, unsecured demand for imported goods from China will be met by expanding domestic production and establishing imports from other countries, as a result of which, in the medium term, prices will stabilize. And here it is not a matter of mass

initial hype for consumer goods, primarily food products. The fact is that the consequences of the coronavirus will be felt for a long time (presumably – until the end of 2020). After all, cooperation links, supply chains and production cycles have been disrupted. A number of companies will declare bankruptcy. After all, coronavirus is really force majeure and we have yet to see a series of bankruptcies and negative consequences.

What can Uzbekistan do against a coronavirus infection? Calm, hygiene and common sense. The state takes adequate measures to limit the spread of the coronavirus. This is the time when public-civil partnership is needed. All our people, according to the President of Uzbekistan sh. Mirziyoyev, should be sure: we are fighting the coronavirus on the basis of transparency principles.

The situation in our country so far resembles what happened in China two and a half months ago, and in Europe - a month ago. There are not so many patients, and the authorities face a choice between losses from the introduction of a full quarantine and risks from the spread of the epidemic. Similar measures are taken: cancellation of mass events, checking arrivals, etc.

The economy is a huge mechanism, and the crisis will undoubtedly have an impact for a long time, even after the end of the crisis. No one can assess the situation now, but the crisis will shake everyone and everything. More people lost their jobs in the two weeks of the current crisis than in the two years of the Global Financial crisis. In addition to the panic in the financial markets and lower OPEC oil prices, oil consumption in the chemical and energy sectors will decrease in the world. The world is waiting for a return to a natural, that is, capable of self-sufficiency, economy. This movement is absolutely the opposite of the process of globalization. Sooner or later, the pandemic will recede. But we do not yet realize that the world has already changed and, once out of quarantine measures, people and States will find themselves in new and unusual conditions and relationships. So get ready for a new world!

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