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THE GLOBAL POLITICAL ECONOMY IMPACT OF COVID-19 AND THE IMPLICATION TO INDONESIA

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Abstract: The Novel Coronavirus has stressed and pressed a great number countries from a great number of sectors. This has impacted on travelling ban, supply chain, and even oil prices. The role of China in combating Covid-19 has considerably become a model for the world. On the other hand, there is doubt regarding China's role, domestically and globally both. This article seeks to discover the impact on global political economy from Covid-19 global pandemic. Literature review and comprehensive yet brief analysis has been made to satisfy the academic enquiries regarding the topic.

Keyword : Covid-19, Global Political Economy, Global Politics, Impact

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INTRODUCTION

The so-called global pandemic novel coronavirus has been stressed a great number of countries. According the report from World Health Organization (WHO) on the 20th of April 2020, there were 2,3 million confirmed cases globally and the number continues to increase gradually (World Health Organization, 2020).

The second generation of SARS virus is really making the world condition changed dramatically. Social restriction, lockdown, travel restriction and a number of public policies have been implemented by countries infected by Covid-19, causing a great depression of economic in the countries. International Monetary Fund (IMF) stated that Lock Down Policy in numerous countries can be seen as a great lock down, identified similar with great depression which happened in the period of World War II (Eliot, 2020). Furthermore, the

IMF stated that the sudden depressed and shocked got by economic sectors owing to Lock Down Policy during coronavirus, and the condition is similar compared what was happened in 1919, in other word: great recession.

The condition can be seen from the experience in China, as the first country infected by the virus. Coronavirus has made funds amounting to USD 445 billion or equivalent to Rp6,112 trillion (assuming Rp13,728 per USD) escaped from the Chinese capital market. This happened during the reopening of Chinese stock trading after the Chinese New Year holiday (Agiesta, 2020). On the one hand, the Shanghai index dropped 7.7 percent. This decline became the worst since August 2015. At that time, the Shanghai index was volatile due to fears of a slowdown in the Chinese economy.

Meanwhile, the Shenzhen index also fell 8.4 percent. The worst since 2007. The decline is due to the flight of foreign investors in the amount of USD 445 billion due to concerns about the impact of the corona virus.

The United States has just released data on gross domestic growth in the first quarter of 2020 minus 4.8% over the same period last year. While China previously recorded the economy in the first three months of this year minus 6.8%. While, US consumer confidence in March was only 71.2, the lowest since 2011. US retail sales in March also contracted to 6.2%. This achievement is the deepest since 2009 (Victoria, 2020).

This condition also happened in Indonesia, The Center of Reform on Economics (CORE) reports on economic conditions during the COVID-19 pandemic. The surge in the number of sufferers with a high fatality rate in the past month is very worrying.

The response of the government and the community that made prevention efforts, such as school closures, work from home, especially formal sector workers, delays and cancellations of various government and private events, made the wheels of economic turnover slow down. Private consumption, which accounts for nearly 60% of national economic movements, is certain to contract. Retail sales, both in traditional and modern markets, are certain to fall. In fact, before the Covid-19 case was identified in Indonesia, the Real Sales Index data released by Bank Indonesia already showed a contraction of 0.3% in January 2020.

Car sales in January and February also dropped 2.4%. Indications of a decline in private consumption are also shown by the drop in domestic and foreign travel. BPS recorded the number of foreign tourist arrivals decreased by 7.62% in January 2020 compared to December 2019. Meanwhile, domestic tourists dropped by 3.1% in the same period. This pressure on private consumption will certainly be deeper in March and also in the following months.

The decline in global economic growth, particularly export destination countries and weakening commodity prices will put pressure on Indonesian exports. The same thing happened to export services, especially travel or tourism services (Sugianto, 2020).

The condition in the countries, of course, impact on unemployment rate. The United States, as the largest economic center in the world, experiences the big number of unemployment, more than 26 million jobs have been lost over the past five weeks. Based on the Bureau of Labor Statistics, the US unemployment rate in March was 4.4% to the highest since August 2017. The United Stated of America is not alone in facing rising unemployment. Australia and South Korea also noted an increase in the unemployment rate, with some economists warning that the situation could be worse.

This condition also happens in China, it is reported that unemployment rate in China remained near dramatic as in April, three months after Coronavirus spread in the country, rose to 6% while it was recorded that the number remained 5.9% in the previous month. According the data released by the National Bureau of Statistics, China, as the world's second largest economy in the world, also get the impact from Coronavirus and the unemployment cannot be denied even though China has already started to recovering economic shock of Coronavirus (Cheng, 2020; Wajdi et al., 2020).

The similar case found in Indonesia, it is recorded that the unemployment number during coronavirus reach up to nine million. It is stated by Indonesian Minster of Finance, Sri Mulyani. Furthermore, it is told that the bad scenario that there will be a great number of people will live under poverty line due to coronavirus (Gorbiano, 2020).

How powerfull the Coronavirus in changing the economic condition the countries mentioned. It raises the big question to international citizens: how can the virus spread, when and how the virus started to infect people. In the public mind, the origin story of coronavirus seems well fixed: in late 2019 someone at the now world-famous Huanan seafood market in Wuhan was infected with a virus from an animal.

The rest is part of an awful history still in the making, with Covid-19 spreading from that first cluster in the capital of China's Hubei province to a pandemic that has killed about 211,000 people so far. Stock footage of pangolins – a scaly mammal that looks like an anteater – have made it on to news bulletins, suggesting this animal was the staging post for the virus before it spread to humans. However, there is uncertainty about several aspects of the Covid-19 origin story that scientists are trying hard to unravel, including which species passed it to a human. They're trying hard because knowing how a pandemic start is a key to stopping the next one.

On the hypothesis that the virus emerged at the Wuhan live animal market from an interaction between an animal and a human, Turner says: "I don't think it's conclusive by any means. "Part of the problem is that the information is only as good as the surveillance," he says, adding that viruses of this type are circulating all the time in the animal kingdom (Readfearn, 2020).

However, there is some rumors that made the condition getting worse. Some of people believe that the virus was made by someone as a biological weapon. Other people argue that Bill Gates play a role in this global pandemic. A number of economists have warned that lockdowns around the world will accelerate people losing their jobs - this is already seen in unemployment in some countries.

Whatever the arguments, there is another thing that is much more important to be discussed: how does the corona virus impact the global political economy. This part has been discussion a number of economic impacts domestically. When it comes to Global pandemic, it is more interesting to talk about global economic impact. On the other hand, there is several researches has been published telling that how global economic impacted by Covid-19. However, there is no plenty of resources that telling how global political economy is changing due to such global pandemic. Therefore, research inquires raised: how does the impact of Coronavirus in global political economy.

METHOD

This article applies several research methods in order to answer the research questions raised in this research paper. First of all, empirical research method is used to see how the similar kind of virus or global pandemic happened in the past. This can be done through literature reviews from a number of academic journals, reports, and books. This qualitative research method is used in order to follow the line of the research method of social science.

The research methods should elaborate on the method utilized in addressing the issues including the method of analysis. It should contain enough details allowing the reader to evaluate the appropriateness of methods as well as the reliability and validity of findings.

RESULT AND DISCUSSION

There are several ways to explain how Covid-19 impact on global political economy. These are through economic perspective, political perspective, and political economic perspective. Because the topic is about the global political economy, the analysis of the result is intending to discuss the impact of politics and economic impacts on something which is cross country border to get the sense of international term.

Therefore, to make the discussion in the result section clearer, this article is discussing one by one started from economy impacts. However, this article will jump into political economy discussion after the analysis from economy sectors. It is because the political sectors itself is quite board to be explained independently in this research paper.

In the economic impacts, there are a number of sectors which are highly considered as the main factors why the economic condition influenced by novel coronavirus. The oil sector is firstly considered as the main sector influenced by Covid-19. The second sector is value chain, this sector is also highly considerably the main sector influenced by social restriction and lock down in many countries due to Covid-19. Thirdly, tourism and travel sector is also impacted by novel coronavirus as no people travel across countries and the number of flight decreased slightly due to the virus. Final analysis for the economic perspective is the global GDP, this is to comparing global GDP for last decades and see how it is different from last global economic crisis.

OIL PRICE

First of all, one sector which can be identified as the main vulnerable sectors impacted by Covid-19 and its public policy is Oil commodity. However, before turning into discussion in deeply, it is much better to get a fully grasp about the relations between stock price and oil price. These prices have been an object as a debatable topic in the literature, especially what was written in the financialization of commodity markets (Balcilar, M., Demirer, R., Hammoudeh, 2019). It is important to be discussed as the beginning because the interaction between volatility and oil got less attention compared to other sectors. In fact, global financial depression has shocked market returns and create volatility as noticed by Illing and Liu (Illing, M., Liu, 2006).

On the other hand, another strand of literature investigates the correlation between oil price and the economic policy uncertainty. This correlation can be seen from the case in the United States of America. It is because USD us a transaction policy for oil markets. Thus, oil price influences the forecasts of economic variable, especially in macroeconomic. At the same time, uncertainty policy have influenced the stability of the currency and the USD rate. Another literature also proves that the economic uncertainty and financial volatility have impacted on the oil price. As it has mentioned by Roberedo and Uddin who have proved the evidence that policy uncertainty have given a big impact on the energy and metal commodity price in the US (Reboredo, J.C., Uddin, 2016). Besides, Degiannakis also emphasized that financial uncertainty have been giving a great influence on global oil price (Degiannakis, S., Filis, G., Panagiotakopoulou, 2018).

After a short discussion and reviewing a number of abovementioned literatures, there is no doubt that the influence between financial uncertainty and economic policy has impacted the oil price. Even though there is no data revealing the impact of Coronavirus on oil price, the literature review is enough to give a general brief idea how the discussion between Covid-19 and Oil price will be connected to each other.

As the first analysis, take China as the first example. After the first infections in China at the end of 2019, the Coronavirus disease (COVID-19) has continued to spread across the world. No continent has been able to escape this virus, which has recorded average mortality of around 2.3% (According to the Chinese Center for Disease Control and Prevention). To date, there have been nearly 54,207 deaths, with more than 1,030,324 people infected and 219,896 recoveries across 204 countries and territories around the world and 2 international conveyances: the Diamond Princess Cruise ship harbored in Yokohama, Japan, and the Holland America's MS Zaandam cruise ship, worldwide, thus portraying the severity of the virus globally (WHO Situational Report 3 April 2020).

OIL PRICE

Now, lets discuss the impact on oil price in the Southeast Asian countries. A number of Southeast Asian countries has decided to borrow money from international institution to overcome the impact of Covid-19 domestically. According to Asean Policy Brief, the outbreak of economic lockdown policy in several cities in Asean countries has led to a fall in oil prices, this can further to a worse case of financial burden of oil-exporting in the Asean countries (ASEAN, 2020).

The outbreak has drawn attention to the interconnectedness among countries that globalisation has brought, and the consequent risks and vulnerabilities. Disruptions in one area of global supply chains affect other areas, and may even result to the diversion of trade and investments to other regions in a bid to soften the risk of production stoppage arising from these disruptions. On top of this, the largest economies in the world, i.e. US, China, EU, are the main ones reeling from the supply and demand shocks. These economies are also ASEAN's main trading partners, capturing half (50.3%) of ASEAN's total trade in goods (Table 4); while ASEAN's other main trading partners such as Japan, Korea, and Hong Kong, China, are also affected.(ASEAN, 2020)

	Trade, in USD billion			Share to ASEAN total, in %		
	Total Trade	Export	Import	Total Trade	Export	Import
ASEAN Total	**2,825.3**	**1,436.4**	**1,388.8**	**100.00**	**100.00**	**100.00**
Intra-ASEAN	650.7	346.5	304.3	23.03	24.12	21.91
China	483.8	199.0	284.8	17.12	13.85	20.51
EU	288.2	160.9	127.3	10.20	11.20	9.17
US	263.0	160.3	102.7	9.31	11.16	7.40
Japan	231.7	114.8	116.9	8.20	7.99	8.42
Korea	161.5	60.5	101.0	5.72	4.21	7.27
Hong Kong, China	118.3	100.2	18.1	4.19	6.98	1.30
Chinese Taipei	117.4	39.7	77.6	4.15	2.77	5.59
India	81.1	50.7	30.3	2.87	3.53	2.18
Australia	66.2	39.2	27.0	2.34	2.73	1.94

Source: ASEAN Statistics (2020)

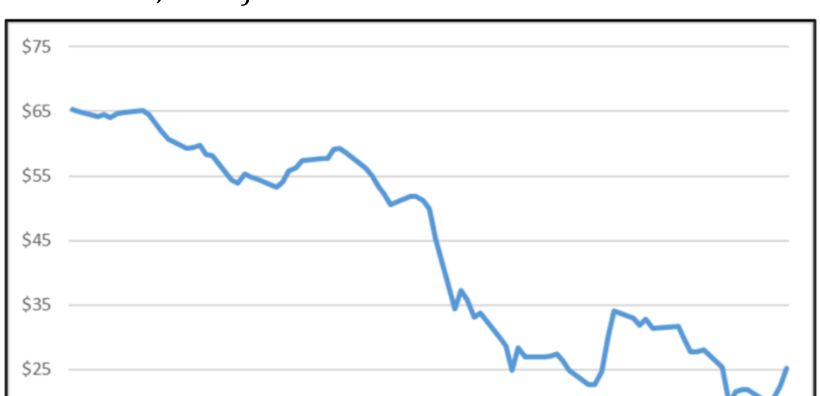
diffused across a range of products, rather than concentrated on only a few, to minimize the impact on overall trade.

Based on data shown in Figure 1, in general, AMS imports tend to be more diversified than exports, which means that there is more variety in the types of products imported than those exported. Bigger economies also have more diversified structures in both imports and exports compared to the smaller AMS.

Lets move to other countries as an example, the Federal Reserve broadened its central bank dollar swap lines to include Brazil, Mexico, Australia, Denmark, Norway, and Sweden. Automobile manufacturers announced they were suspending production at an estimated 100 plants across North America, following similar plant closures in Europe (Campbell, 2018). Major U.S. banks announced a moratorium on share repurchases, or stock buy-backs, denying equity markets a major source of support and potentially amplifying market volatility (Henderson, 2020). During the week, more than 22 central banks in emerging economies, including Brazil, Turkey, and Vietnam, lowered their key interest rates.

By March 19, 2020, investors were selling sovereign and other bonds as firms and other financial institutions attempted to increase their cash holdings, although actions central banks took during the week appeared to calm financial markets. Compared to previous financial market dislocations in which stock market values declined while bond prices rose, stock and bond values fell at the same time in March 2020 as investors reportedly adopted a "sell everything" mentality to build up cash reserves (Campbell, 2018) Senate Republicans introduced the Coronavirus Aid, Relief, and Economic Security Act to provide $2 trillion in spending to support the U.S. economy. Market indexes fell again on March 23 as the Senate continued to debate the parameters of a new spending bill to support the economy. Oil prices also continued to fall as oil producers appeared to be in a standoff over cuts to production.

To get a fully grasp, the graph below is showing how oil price getting down during Covid-19. (Congressional Research Service, 2020)



1Figure :Brent Crude Oil Price per Barrel in Dollars

Financial markets continued to fall on March 23, 2020, as market indexes reached their lowest point since the start of the pandemic crisis. The Federal Reserve announced a number of new facilities to provide an unlimited expansion in bond buying programs. The measures included additional purchases of Treasury and mortgage-backed securities; additional funding for employers, consumers, and businesses; establishing the Primary Market Corporate Credit Facility (PMCCF) to support issuing new bonds and loans and the Secondary Market Corporate Credit Facility (SMCCF) to provide liquidity for outstanding corporate bonds; establishing the Term Asset-Backed Securities Loan Facility (TALF), to support credit to consumers and businesses; expanding the Money Market Mutual Fund Liquidity Facility (MMLF) to provide credit to municipalities; and expanding the Commercial Paper Funding Facility (CPFF) to facilitate the flow of credit to municipalities. The OECD released a statement encouraging its members to support "immediate, large-scale and coordinated actions." These actions included (1) more international cooperation to address the health crisis; (2) coordinated government actions to increase spending to support health care, individuals, and firms; (3) coordinated central bank action to supervise and regulate financial markets; (4) and policies directed at restoring confidence.

Reacting to the Fed's announcement, the DJIA closed up 11% on March 24, marking one of the sharpest reversals in the market index since February 2020. European markets, however, did not follow U.S. market indexes as various indicators signaled a decline in business activity in the Eurozone that was greater than that during the financial crisis and indicated the growing potential for a severe economic recession. U.S. financial markets were buoyed on March 25 and 26 over passage in the Congress of a $2.2 trillion economic stimulus package.

This condition also affected the average price movement of Indonesian Crude Price (ICP) in March 2020. Head of the Bureau of Communication, Public Information and Cooperation Services (KLIK) of the Ministry of Energy and Mineral Resources Agung Pribadi explained that the ICP in March became 34.23 dollars US per barrel. On the other hand, the International Energy Agency (IEA) reports that projected global crude oil demand in 2020 will drop by 1.1 million barrels per day to 99.9 million barrels per day. On the other hand, the IEA revealed an increase in US crude stockpiles in March 2020 by 11.3 million barrels to 455.4 million barrels compared to February 2020. Meanwhile, the OPEC report showed projections of global crude demand in 2020 falling by 1 million barrels per day to 99.73 million barrels per day.

VALUE CHAIN

The Siber and Sandi Negara (2020) Agency explained that the next step after identifying and preparing the company's operational processes to minimize the impact of the Corona Virus is to ensure the availability of business process or service support related to the availability of support from suppliers. These steps include:

Conduct an assessment of the supply chain relating to business processes or service organizations relating to the possibility of impacts and disruptions due to delays in supply or logistics delivery, as well as delays in the manufacturing process due to the Corona Virus global pandemic.

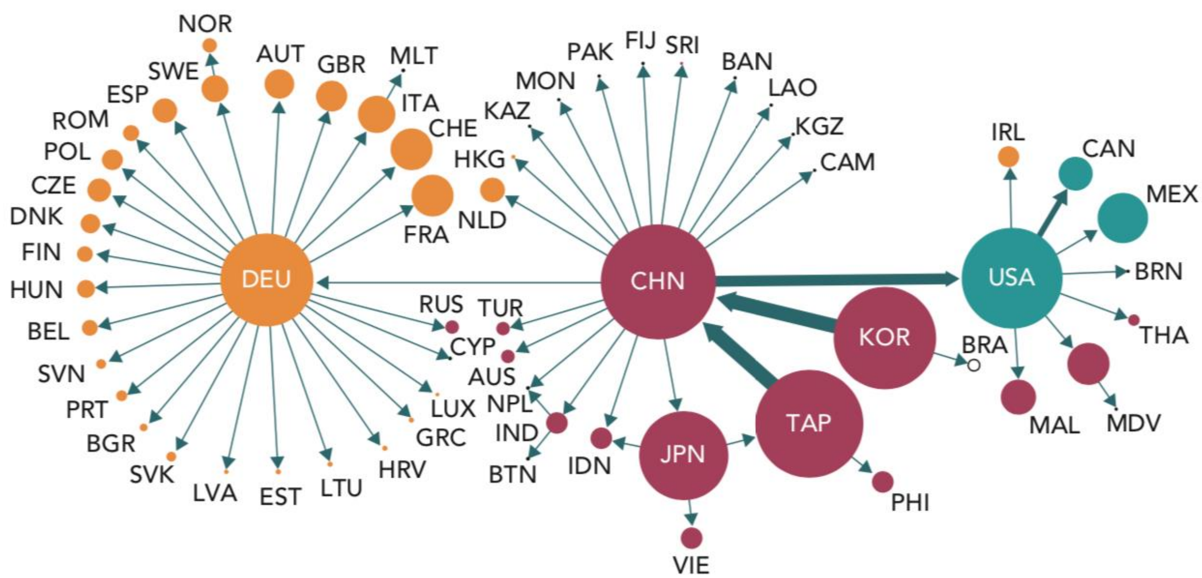
Communicating with providers or suppliers used by a company or organization that may be faced in the worst conditions due to the Corona Virus pandemic. Identify other potential providers or suppliers who can support the business operational processes and company services in the event of a disruption. Communicate with users or consumers about the limitations faced by the company or organization and convey mitigation measures to be taken by the company or organization.

At present, several companies and organizations have implemented WFH policies, recommendations related to the supply chain include ensuring the security of the company or organization system that can be accessed by employees from home or remotely. This can be done by monitoring the security of the entire system and the activities of users who access the system. In addition to monitoring the security of all systems related to the company's supply chain, it is also necessary to test the capacity and remote connections provided to ensure the sustainability of each company's service or organization.

To ensure the sustainability of the company's operations and services to supply chain availability, it requires a plan for business continuity that is updated, one of which is by providing education about information to every employee who does work from home. In addition, updating the security incident response plan needs to be done to adjust to the changing conditions of the work environment that are scattered from various locations.

In a pandemic situation such as this, collaboration of all parties in the supply chain is needed, not only the main actors, but the role of supporting actors is needed and must be done. Changes or actions taken by one member of the supply chain will have an impact on other members of the supply chain.

This WFH policy makes every employee seem to be encouraged to think of ways to work effectively and efficiently even if they do not face to face with other colleagues. Therefore, the implementation of WFH requires the participation of every employee in a company to carry out a risk management strategy to the impact of Corona Virus, which is done to maintain the company's sustainability in the midst of this pandemic situation.



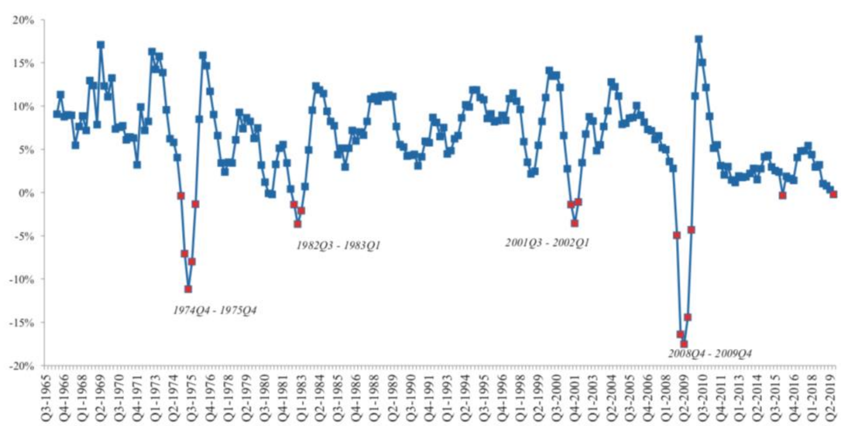
Source: Global Value Chain Development Report, 2019, www.WTO.org

In the figure, the size of the bubble reflects the size of the country (value of trade), and the thickness of the connecting lines show the relative importance of bilateral flows (small flows are zeroed for clarity). The figure looks at international supply-chain linkages in the information and communication technology (ICT) goods to be concrete.

Three features jump out.

- China really is the workshop of the world, being central to the entire global network. Therefore, manufacturing disruption there will create secondary supply shocks in manufacturing sectors in almost all nations.
- There is a strong regional dimension in supply chains, so the fact that China, Korea, and Japan are among the five hardest hit means the supply-chain shock will be especially strongly felt in Asia.

- Germany is the network hub in Europe. It is also the seventh most-hit nation in the world (as of 5 March 2020). Add in the medical shock to Italy, France, and Britain (respectively the 6th and 13th most affected nations) and it is clear that supply-chain contagion is very likely to be a major source of economic contagion in Europe. Similar points apply to North America.
- The US is the fifth most affected in terms of deaths (delayed and limited testing in the US means its death numbers are far ahead of its case numbers compared to the experience of other nations; on official statistics, the US death rate is about twice that of China and Italy). Also noteworthy is the fact that India, the world's seventh largest economy, is not very involved in supply chains and so may be shielded somewhat from this form of economic contagion.
- As a point of caution, these network diagrams look very different for different sectors. It is important to not overgeneralize; sector by sector analysis is important.



In their chapter, Laurence Boone, David Haugh, Nigel Pain and Veronique Salins estimate a base scenario, in which the outbreak is contained to China and a few other countries, that implies a world growth slowdown of about 0.5% in 2020. In their downside scenario, where the spread is spread widely over the northern hemisphere the 2020 world GDP growth would be reduced by 1.5%. Most of the impact is attributed to lower demand, but in this scenario the negative contribution of uncertainty is also significant.

Catherine Mann discusses the possibility that this crisis is likely to be U-shaped rather than V-shaped, as has been the case for similar epidemics and other recent supply shocks. Her point is that the linkages discussed will affect different nations differently. It may be a V, i.e. short and sharp with full recovery to the old growth path for some sectors and nations, but

much more lingering for others. This suggest that in aggregate it could, at least for manufacturing, look more like a U-shape in the global data.
For services, the shock will be hard to recover from so it may look more like an 'L'. Growth drops for a while, and while it will resume eventually, there will be no catch up. People who skip a few restaurant meals, cinema outings, and holidays in the sun are unlikely to double-up on dining, movie-going and holidaymaking to catch up. The shock to tourism, transportation services, and domestic activities generally will not be recovered. Mann predicts that domestic services also will bear the brunt of the virus outbreak.

TRAVEL AND TOURISM

The Covid-19 outbreak was triggered in December 2019 in the city of Wuhan, which is in the Hubei province of China. The virus continues to spread across the world. Although the epicenter of the outbreak was initially China, with reported cases either in China or in travelers from the country, cases now are being reported in many other countries. While some countries have been able to effectively treat reported cases, it is uncertain where and when new cases will emerge. Amidst the significant public health risk COVID-19 poses to the world, the World Health Organization (WHO) has declared a public health emergency of international concern to coordinate international responses to the disease. It is, however, currently debated whether COVID-19 could potentially escalate to a global pandemic.
In a strongly connected and integrated world, the impacts of the disease beyond mortality (those who die) and morbidity (those who are unable to work for a period of time) has become apparent since the outbreak. Amidst the slowing down of the Chinese economy with interruptions to production, the functioning of global supply chains has been disrupted. Companies across the world, irrespective of size, that are dependent upon inputs from China have started experiencing contractions in production. Transport being limited and even restricted among countries has further slowed global economic activities. Most importantly, some panic among consumers and firms has distorted usual consumption patterns and created market anomalies. Global financial markets have also been responsive to the changes and global stock indices have plunged.
The impact of this deadly virus is severe than estimated by specialists and the most exciting pandemic in the recent history which has already taken down 200 countries around the world with more than 1.9 million infections and over 120,000 deaths by 14th April, 2020. Sri Lanka being a country with lack of resources, it is important to incorporate strategic approaches to minimize the economic recession. In this context, the travel and tourism as the third largest foreign exchange earner in the country, has totally collapsed with the fear of travelling and the need of maintaining the social distancing. Restriction on visa issuing and

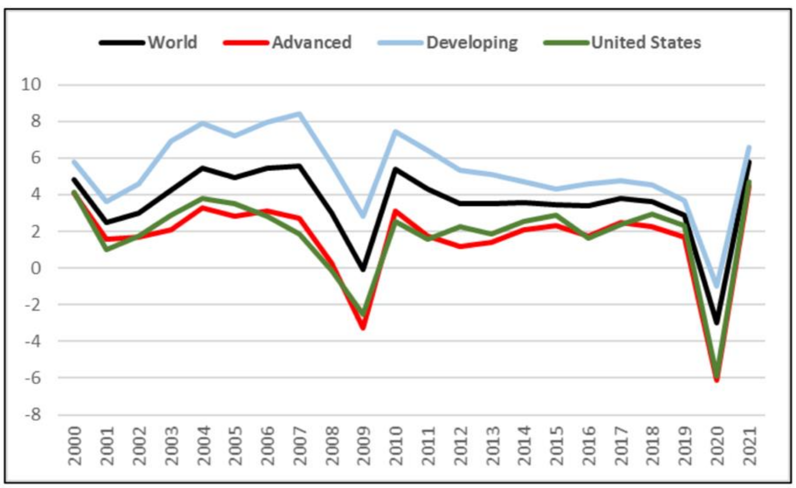
closing down the international airport, curfew and lock down of the countries and cities, and inviting the residents to back to their countries providing special flight arrangements in many countries were taken place during the last 40 days. Situation is severe at the moment as the whole world is on lock-down or under social distancing, people are scared to book anything until the distress of this infection subsides and the virus is brought under control in the world.

The tourism industry is an umbrella industry networked with many other sectors in the economy including hotel, community level operations, education, financial, agriculture, medical, travel and transportation, construction, real estate, retail, and vice versa. Due to the heavy toll of tourism in the country's economy, it is important to study how the reliance of the industry might shape the recovery of its main sub sectors once the pandemic subsides. The indirect impact in this context on travel and tourism industry cannot measure easily and definitely is a significant loss in short term as well as long term. Since, Sri Lanka is a country that heavily depending on the service sector the tourism industry plays a major role for the countries development. In the Last year it the Contribution of travel and tourism to GDP as a share of GDP is 12.5% and the Contribution of travel and tourism to GDP growth rate is 11.4%. Hence it is clear that the tourism industry is helping the countries development massively. Therefore, protecting this industry would be a huge investment on the countries future development prospects. Therefore, we need to protect all the service providers of the tourism sector if we need to focus on the future development of Sri Lanka through tourism sector.

There are number of service providers such as Accommodation Suppliers, Travel Agencies, Event Coordinators, and Transportation Suppliers etc. At the current situation they do not receive any income from their tourism products. Therefore, it is important protect this sector and remain them for cater the future tourism demand to the country. Otherwise this may lead to reallocating the resources to other industry where Tourism industry would face the challenge of finding the service providers in the future. To overcome this situation, it is good release them from their business loans temporarily, help to retain the employees in their organization, using the tourism resources like hotels as quarantine centers with a monthly rental to the organizations. With the available technologies and medial advancements, it is expected to overcome from this emergency within a short period of time. Hence, safeguarding the tourism industry would be a good investment in the future development of the country.

GLOBAL GDP

Advanced economies as a group are forecast to experience an economic contraction in 2020 of 7.8% of GDP, with the U.S. economy projected by the IMF to decline by 5.9%, about twice the rate of decline experienced in 2009 during the financial crisis, as indicated in Figure. The rate of economic growth in the Euro area is projected to decline by 7.5% of GDP. Most developing and emerging economies are projected to experience a decline in the rate of economic growth of 2.0%, reflecting tightening global financial conditions and falling global trade and commodity prices. In contrast, China, India, and Indonesia are projected to experience small, but positive rates of economic growth in 2020. The IMF also argues that recovery of the global economy could be weaker than projected as a result of: lingering uncertainty about possible contagion, lack of confidence, and permanent closure of businesses and shifts in the behavior of firms and households.



As a result of the various challenges, the IMF qualified its forecast by arguing that: A partial recovery is projected for 2021, with above trend growth rates, but the level of GDP will remain below the pre-virus trend, with considerable uncertainty about the strength of there bound. Much worse growth out comes a responsible and may be even likely. This would follow if the pandemic and containment measures last longer, emerging and developing economies are even more severely hit, tight financial conditions persist, or if widespread scarring effects emerge due to firm closures and extended unemployment.

Before the COVID-19 outbreak, the global economy was struggling to regain a broad-based recovery as a result of the lingering impact of growing trade protectionism, trade disputes among major trading partners, falling commodity and energy prices, and economic uncertainties in Europe over the impact of the UK withdrawal from the European Union. Individually, each of these issues presented a solvable challenge for the global economy. Collectively, however, the issues weakened the global economy and reduced the available policy flexibility of many national leaders, especially among the leading developed economies. In this environment, COVID-19 could have an outsized impact. While the level of economic effects will eventually become clearer, the response to the pandemic could have a significant and enduring impact on the way businesses organize their work forces, global supply chains, and how governments respond to a global health crisis.

The OECD estimates that increased direct and indirect economic c osts through global supply chains, reduced demand for goods and services, and declines in tourism and business travel mean that, "the adverse consequences of these developments for other countries (non-OECD) are significant." Global trade, measured by trade volumes, slowed in the last quarter of 2019 and was expected to decline further in 2020, as a result of weaker global economic activity associated with the pandemic, which is negatively affecting economic activity in various sectors, including airlines, hospitality, ports, and the shipping industry.

THE CHINA'S GAME

The Chinese government claims to successfully deal with the spread of the corona virus, although it continues to be criticized by the United States. In an effort to combat the epidemic, China acts as a responsible country, as mentioned but Chinese Foreign Ministry spokesman Zhao Lijian. Meanwhile, a number of US officials believe China as the party to blame for the spread of the corona virus in the world. They highlighted the initial handling of the outbreak in late 2019 by China which was deemed wrong. Besides, the US President, Donald Trump, also mentioned the country of origin of the spread of the corona virus. US President's National Security Adviser Robert O'Brien also said the virus did not originate from Wuhan in Hubei Province, China.

On the other hand, the General Chairman of the Chinese Communist Party in Wuhan, Wang Zhonglin, called the United States the country that caused the corona virus to spread globally. He then questioned why the US was not to blame. O'Brien alluded to the initial handling efforts by China, because they were considered to have covered up information related to the spread of the corona virus. It is said that If the WHO team were there, the CDC team would go there as well as our offer, I think we can stem what is happening in China and the world.

The Chinese government is said to impose restrictions and spread misinformation during the early days of the spread of the corona virus. They prohibit medical personnel in the hospital, whether doctors or nurses, from discussing, sending text messages, photos or anything that might leave a digital footprint related to the deadly disease. Besides, a Chinese doctor who warned about the threat of the outbreak, Li Wenliang, was summoned and interrogated by the

Wuhan Police Department for discussing the threat of the virus with his fellow doctors through social media.

CONCLUSION

The aforementioned evidence explains that Covid-19 is completely a new treat for global political economy while every pandemic always hit economic depression in any condition for last centuries. This can be seen from the global economic depression caused by Novel Coronavirus. While, when we take a look back in the history, a global pandemic, whatever it is and however the virus spread, it always hit the economic stability.

A number of important economic sectors has impacted by Novelcorona virus such as oil prices, value chains, and travel business. These three main sectors are the foundations for globalization and international economy. Oil price is getting slowdown because the uncertain economic policy in Covid-19 effected countries, causing unstable supply in oil. Furthermore, as it has known together, covid-19 is firstly spread in China, causing unstable domestic economy. China can be seen as a manufacturer or workshop of the world. When China is vulnerable due to the virus, the production in factories are also impacted, causing delay in a great number of products.

It has been explained from the graph shown in the result and discussion, when China is getting slowdown, it will impact a great number of countries for the production, business, and value chains which is important or international trade. Therefore, China is a key for the world production and when it is vulnerable, it impacts on other sectors regionally and globally, both.

Moreover, the travel and hospitality is also impacted by Covid-19. It is because a number of countries implemented travel restriction during coronavirus. Nonetheless, there is another important thing that should be noticed. China plays game during this global pandemic. China is frajming it self as a successful country handling and deal with Coronavirus. Even though there is no doubt that China's transparency in information, China wants to show the world that the country's system is not bad at all in the international citizen's eyes. China just want to show that the country success cope up the virus with the solution while want to notice the world that the country and everything inside should be acceptable for international citizens. By seeing this case, China is playing game to get more empathy and sympathy from international tensions. One reason why this should be happening is because the country influence in the future is completely important for China.

As it has been known, China is intending ruling the world with a huge economic development. How ever, this cannot be seen as a good model because China still implement communist system where a great number of international community afraid of the ideology. By this pandemic and showing how China implements this policy, China wants to show the positive impact of the system in the country. China is not intending to influence the ideology, it only wants to show the world that the country should be acceptable.

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