

*K. Kolesnyk, Undergraduate student
O. Kolodii-Zahilska, language advisor
Zhytomyr Polytechnic State University*

THE INFLUENCE OF CORONAVIRUS ON THE UKRAINIAN ECONOMY

In the middle of December 2019 the disease outbreak of the COVID-19 was found in Wuhan in the central China. The government has initiated the emergency actions in order to prevent the distribution of the infection. The traffic in the city was disrupted and the quarantine measures were set. Universities, schools, cafes, enterprises and shopping centers were closed during this isolation period. The trade was restricted. That was when the Chinese economy suffered heavy losses for reconstruction which it can take more than one or two months. The Ukrainian government believed that this virus would not extremely spread worldwide and it would circumvent Ukraine. That is why the government continued their political, economic and social activities. Unfortunately, special efforts and tools were not being taken to prevent these spheres from unexpected losses, gaps and the future crisis. But it happened.

Ukraine had good achievements in economics during the 2019, particularly it was characterized by increasing liquidity to banks, gold and exchange stocks, economic growth, more funds thanks to a successful placement of bonds on the international market and strong currency appreciation. The country was ready for the coming year. Despite of these facts, Ukraine stay being weak and addicted to other countries and the disease outbreak became a real challenge for it. Now there are more losses during this pandemic than after the global financial crisis in 2008.

Introducing quarantine measures has the impact on a number of enterprises. Small and medium-sized enterprises have the most negative influence of it. They force to put their employees on leave with full pay. If the term of the quarantine continues till the summer and the government doesn't support the enterprises, they can face bankruptcy and in the result many people will be dismissed from their job. That's can lead to increasing of unemployment. One of the most main sources of raising public finance is the working results of these enterprises, so, in addition, the government receipts will decrease.

Now we can trace the total non-compliance of planed stated budget 2020 because of the emergence of the coronavirus in Ukraine. The lost tax revenues are 3,3 billion hryvnias, customs – about 15 billion hryvnias for January and February 2020. What can we say now, when the government has exempted economic entities from paying part of the taxes, including the single social payment, and canceled the sanction of non-payment of maintenance or housing costs in the right time? Most of the expenses differ from the planned, because now the priorities for the government are the support of the unemployment people, pensioners (because they are the most vulnerable to become ill), the business' and the providing the special equipments and material sources for pandemics treatment. Unfortunately, we don't know how much money will be needed for it.

The public debt is increased by 46 billion hryvnias (2,6%) during the two months, especially the external debt – by 61,2 billion hryvnias (6.6%). What about the domestic debt, it is reduced by 14,8 billion hryvnias (1,8%). The sum of servicing the public debt is also increased by more than one quarter – by \$6,2 billion. The Ukrainian banks have good gold and exchange stocks, but it will not be enough to the gross external debt, covering it only by 20%. Together, the gross external debt payments and the current account deficit can compose more than 60% of all gold and exchange stocks. Nowadays the government is thinking about the replanning the state budget 2020. The assumption of the lower United States dollar position to the estimate of the state budget also prejudices the shortfalls in the income to the budget and it is the barrier to build the rational economic policies.

A gradual depreciation of the Ukrainian hryvnia is expected to continue in 2020 because of falls in foreign exchange earnings as the result of the export operations. It will be a deficit of particular products in Ukraine over the time as a consequence of restrictions on traffic of goods and services across the foreign borders. These measures are used not to spread the infection. Sadly, that is what might become an incentive to the development of the domestic market. Ukraine can strengthen the position of producing high-tech products. In future it can lead to the increasing of its part in gross value added of the economy and the provoking of rising growth rate in manufacturing. So how the specialization of Ukraine is agricultural products, it can work to our advantage, because now the products of the first necessity are in demand as never before. The reserves of such goods are enough in other countries for the time being, but the export of its can becomes one of the main sources of raising public finance in the near future.

A significant component of balance of payments is export of labor, that's why the economy becomes dependent on the economic performance of foreign countries, where our people are working in. According to data for 2019, there were about \$2271 billion remittances. Nowadays almost 70 thousand of people returned to Ukraine in relation to the appearing of the COVID-19. And now they don't have any profit-making activity outside the country. It provokes the budget shortfalls in Ukraine.

The most measurable influences of the coronavirus on the Ukrainian economy were listed. They conceal other problems, in particular it can reduce the flow of foreign investment in hryvnia's securities and the prices for ore and metals (that will have a negative influence on the Ukrainian metallurgy and related industries). Also it will be industrial decline and in the result an expected loss of 2% (\$2 billion) of GDP.

So, the negative impact on the economy of Ukraine is smaller when the sooner the virus will be stopped. Now our economy is trying to keep the same level as early not to have the serious socio-economic consequences. But the impact of the coronavirus will be explicit only in 3-6 months. To my mind, the main priorities for the government should be a resumption of cooperation with the International Monetary Fund at first. Secondly, it is worth supporting the manufacturing and landownership and boosting domestic demand. Thirdly, the implementation of the correct taxation and allowance policies is also very important. Remember, that every crisis is not only the time for trials, but for opportunities equally.

REFERENCES

1. Закон України «Про Державний бюджет України на 2020 рік» : за станом на 14 лис. 2019 р. / Верховна Рада України. – Офіц. вид. – Київ : Парлам. вид-во, 2019.
2. Офіційний портал Державної фіскальної служби України. [Електронний ресурс] : Статистичні дані: плани та звіти роботи. Анонси подій. Режим доступу: <http://sfs.gov.ua> .
3. Офіційне Інтернет-представництво Національного банку України [Електронний ресурс]. Режим доступу: <https://bank.gov.ua/news/all/obsyag-perekaziv-v-mejah-ukrayini-u-2019-rotsi-zris-mayje-na-40> . - Назва з екрану.
4. Офіційне Інтернет-представництво Національного банку України [Електронний ресурс]. Режим доступу: <https://bank.gov.ua/news> . – Назва з екрану.
5. Телевізійна служба новин [Електронний ресурс]. Режим доступу: <https://tsn.ua/groshi/pislya-koronavirusu-svit-nakriye-finansova-kriza-scho-pro-ce-govryat-u-sviti-ta-chogo-chekati-ukrayini-1513686.html> . – Назва з екрану.
6. Т. Веремєєва. Економічні підсумки 2019 року: події у сфері економіки, бізнесу та фінансів, які змінять наше життя. [Електронний ресурс]. Режим доступу: <https://comments.ua/ua/article/money/economy/643207-pidsumki-2019-roku-podii-u-sferi-ekonomiki-yaki-zminyvat-nashe-zhittya.html> .
7. Слово і діло. Аналітичний портал. [Електронний ресурс] : 18 бер. 2020 р. – Режим доступу: <https://www.slovoidilo.ua/2020/03/18/stattja/ekonomika/vidterminuvannya-vyplaty-yesv-ta-skasuvannya-perevirok-pidtrymka-biznesu-pandemiyi> . – Назва з екрану.