

**FORECAST CONSEQUENCES AND PROSPECTS OF ECONOMIC DEVELOPMENT
IN CASE OF OVERCOMING THE PANDEMIC****Babmindra D. I. Ospishcheva K. V.***Zaporizhzhia National University
Ukraine, 69600, Zaporizhzhia, Zhukovsky str., 66*

babmindra48@ukr.net, ospisheva_katya@ukr.net

ORCID 0000-0002-1872-3106

Key words:

economy, Ukraine, global economic crisis, COVID-19 pandemic, quarantine measures, overcoming crisis phenomena, post-pandemic period, Development Prospects, Development of small and medium-sized businesses.

The entire international community, since mid-December 2019, has come under the huge influence of the global epidemic of coronavirus disease, which is called COVID-19. The pandemic has already led to thousands of human losses around the world, caused significant restrictions on the socio-cultural life of the population and radically changed the trends of the global economy. Today, it is difficult to predict what final human casualties and economic losses states will suffer in the short, medium and long term.

The World Health Organization officially declared the coronavirus disease a pandemic in early March 2020. The outbreak began in mid-December 2019 in the city of Wuhan in central China.

During this time, the pandemic has significantly affected the trends in the development of the global economy, leaving not a single country aside.

The crisis that the world will experience as a result of the spread of COVID-19 is global; it will hit all countries with open market economies. This will especially shake the financial and economic situation of Ukraine, whose economy in recent years has already been unstable and dependent on global trends, political events and public sentiment.

For the Ukrainian economy, the crisis caused by the spread of COVID-19 is particularly dangerous and can significantly shake the country's financial and economic potential: official employment and real GDP will fall, the corporate sector will incur significant costs, the chances of successful placement of Eurobonds will decrease, the inflow of foreign investment will decrease, and the national currency will become cheaper.

Sectors where quarantine restrictions are relaxed and which related to consumer demand are recovering rapidly, primarily retail and services. The situation with industry and investment demand is weaker.

In the context of the further spread of COVID-19 in Ukraine, as in the world as a whole, there will also be a slowdown in construction volumes, a reduction in road repairs, and so on. According to experts, it is positive that the demand for agricultural products will not decrease, and prices for them are not expected to fall. At the same time, individual countries may restrict the import of products of foreign origin in order to prevent the spread of the virus.

**ПРОГНОЗНІ НАСЛІДКИ ТА ПЕРСПЕКТИВИ ЕКОНОМІЧНОГО РОЗВИТКУ
У РАЗІ ПОДОЛАННЯ ПАНДЕМІЇ****Бабміндра Д. І. Оспіщева К. В.***Запорізький національний університет
Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**

економіка, Україна, глобальна економічна криза, пандемія COVID-19, карантинні заходи, подолання кризових явищ, поспандемічний період, перспективи розвитку, розвиток малого та середнього підприємництва.

Уся світова спільнота, починаючи з середини грудня 2019 року, потрапила під величезний вплив Всесвітньої епідемії коронавірусної хвороби, яка отримала назву COVID-19. Пандемія вже призвела до тисячних людських втрат у всьому світі, спричинила суттєві обмеження на соціально-культурне життя населення і кардинально змінила тренди глобальної економіки. На сьогодні важко спрогнозувати, які остаточні людські жертви та економічні втрати зазнають держави в коротко-, середньо- і довгостроковій перспективі. Всесвітня організація охорони здоров'я офіційно проголосила коронавірусну хворобу пандемією на початку березня 2020 року. Спалах захворювання розпочався у середині грудня 2019 року у місті Ухань центрального Китаю.

За цей час пандемія суттєво вплинула на тренди розвитку світової економіки, не залишивши осторонь жодної країни.

Криза, яку світ переживе у результаті поширення COVID-19, є загальносвітовою, вона вдарить по усім країнам з відкритою ринковою

економікою. Особливо це похитне фінансово-економічний стан України, економіка якої в останні роки і так є нестабільною і залежною від світових тенденцій, політичних подій і настроїв населення.

Для економіки України криза, зумовлена поширенням COVID-19, є особливо небезпечною і може суттєво похитнути фінансово-економічний потенціал країни: відбудеться падіння офіційної зайнятості та реального ВВП, значних витрат зазнає корпоративний сектор, знизяться шанси успішного розміщення єврооблігацій, скоротиться приплив іноземних інвестицій, відбудеться здешевлення національної валюти.

Сектори, де пом'якшуються карантинні обмеження і які пов'язані із споживчим попитом, швидко відновлюються, насамперед роздрібна торгівля та послуги. Із промисловістю та інвестиційним попитом ситуація слабкіша. В умовах подальшого поширення COVID-19 в Україні, як і у світі в цілому, спостерігатиметься і сповільнення обсягів будівництва, скорочення автодорожніх ремонтів тощо. Як зазначають експерти, позитивним є те, що попит на аграрну продукцію не скоротиться, не передбачається і падіння цін на неї. Водночас окремі країни можуть обмежити ввіз продукції іноземного походження з метою недопущення поширення вірусу.

Statement of the problem

The main purpose of this article is to forecast the economic consequences of the impact of the COVID-19 pandemic and study the prospects for economic development if it is overcome.

Analysis of recent studies and publications

A lively discussion of the problem of the spread of coronavirus disease takes place in the mass media, where ministers, representatives of government structures, leading economic experts, sociologists and lithologists, and other leading experts on this issue express their views. In particular, these are A. Gurria, K. Lagarde, R. Hutt, I. Petrashko, A. Pustova, V. Medechuk, A. Amelin, A. Blinov, V. Katsenelson, Ya. Lavrik, D. Monin and others.

Objectives of the article

It is proposed to investigate how the state will encourage support for the activities of small and medium-sized businesses, what problems the Ukrainian economy will face in the post-pandemic period, and what enterprises themselves can generate to overcome the crisis phenomena.

The main material of the research

The global economic crisis, the pandemic of the coronavirus disease COVID-19 are testing the strength of the economy of all countries of the world and the margin of this strength depends on how the economic situation in each individual country will develop further.

The economy will be among the dimensions of life that suffer the greatest losses. The financial and economic crisis in the world will reveal a number of weak economies and industries that will suffer greatly and for a long time.

The COVID-2019 pandemic has shown that the world as a whole is not ready to stop quickly the spread of the disease and overcome its consequences. The economic consequences of the introduction of strict quarantine measures are still estimated with great disagreement, but according to all estimates, a decline in all leading economies and a slowdown in the global economy are expected.

Quarantine measures imposed by almost all countries of the world due to the COVID-19 virus pandemic have

caused qualitative and quantitative changes in the global economy. This is due to the closure of state borders, the suspension of transport links, the closure or suspension of the activities of a significant number of enterprises, and the application of numerous restrictions for doing business. There is a liquidation of certain sectors of the economy and a radical redistribution of labor resources among others.

Most likely, economic recovery requires a redistribution of labor resources between those industries that remain and can make the greatest contribution to real production. The actions of all the world's economies in overcoming the current recession will show how effective such redistribution can be. Well-thought-out and balanced decisions allow certain economies to survive, and their reset allows them to master the crisis quickly. Weak economies of separate countries without a well-thought-out program of action will face a systemic crisis and collapse.

Businesses also face challenges in maintaining business activity, financial stability, and workplaces. That is why an important issue today is to determine the priorities for the development of certain types of economic activity in the process of overcoming the recession caused by the COVID-19 virus pandemic, and the ability of enterprises to ensure continuous operation and preserve the employer's brand.

Governments, employees and employers will play a crucial role in combating the pandemic outbreak, ensuring the safety of people, the stability of businesses and workplaces. The pandemic and the threats it leads to should be considered systematically and in the context of the entire country's economy. The pandemic and the economic crisis should form a new country where there will be changes in the structure of the economy, which will be more ready for Natural shocks.

The future development of the world's economy depends directly on the results of the battle against the virus. If the virus returns with a new force, the losses will be much more serious, and forecasts will be revised again. The contribution to the development of the country's economy is determined by the share of the industry in the structure of GDP creation, the number of employees employed in this industry, gross profit per employee, and so on. These indicators are determined to be the most significant for

determining the place of the industry in the development of the country's economy and the future overcoming of crisis phenomena in the economy.

The following industries suffer the most losses from the COVID-19 pandemic: art, entertainment business, transportation services, hospitality and tourism business, industrial production, agricultural farms, real estate trade, trade in industrial goods. They are forced to look for other ways to survive in the market urgently, namely, opportunities to sell their products or other ways to meet the demand of the population for the consumption of their products or the provision of services.

For a normal economic recovery, it is necessary to ensure employment of the population, the development of economic activities that can provide this employment, and in which one employee creates the largest amount of value added.

In the context of ensuring employment of the population, the contribution of economic activities to GDP growth, the share of their employment in the industry, the share of gross value added in the volume of output in the industry, it is possible to determine the priority of economic activities to restore the development of the Ukrainian economy.

The first priority of ensuring the development of the Ukrainian economy during overcoming the crisis caused by the COVID-19 pandemic is the following types of economic activities: agriculture, forestry and fisheries; processing industry; wholesale and retail trade; repair of motor vehicles and motorcycles; healthcare and social assistance. These industries have the largest number of employees and their share in the country's GDP and profit per employee are the largest.

The second priority was given to the following types of economic activities: mining and quarrying; transport, warehousing, postal and courier activities; real estate transactions; education. These industries are important, but in terms of their share in GDP, the number of people employed, and the level of profit per employee in the total score, they are inferior to those industries that were included in the first group.

The third priority was given to other types of economic activity. They have fewer employees and/or a smaller contribution to the country's GDP and do not directly affect overcoming the COVID-19 pandemic, restoring the economy during a recession, and ensuring the standard of living of the population during quarantine.

In accordance with this structuring, it is possible to carry out a gradual restoration of certain types of economic activity and their state support.

However, the enterprises themselves can do a lot to overcome the crisis phenomena. The biggest danger may be a significant increase in unemployment and business closures. Not all of them will be able to maintain their online activity, and their financial reserves may not last long. In accordance with this, companies themselves can provide their employees with psychological and financial support.

Most companies were forced to start the process of laying off employees and close recruitment for vacancies or

internships. That is why it is advisable to analyze the impact of the COVID-19 virus pandemic on the internal and external brand of the employer and its implementation strategy.

One of the factors influencing the implementation of the employer's internal brand strategy is the preservation of not only the workplace and salary level, but also the implementation of measures to maintain the level of psychological and emotional well-being of employees.

Economic development in the forecast post-pandemic period will be influenced by both the system of measures taken to overcome negative consequences, and the active implementation of reforms in accordance with the priorities defined in the government's strategic documents and aimed at reviving the Ukrainian economy.

The implementation of the budget policy will be aimed at supporting the main sectors of the economy, activating the processes of modernization of national production, continuing to implement a set of measures aimed at improving the investment climate in Ukraine, and stimulating exports.

The government will continue to work to stimulate the economy to overcome the negative consequences caused by restrictive measures to prevent the emergence and spread of coronavirus disease (COVID-19) and will direct its priority efforts to solve the problems of providing credit support to small and medium-sized businesses that have suffered losses as a result of quarantine measures, support domestic producers, in particular through the use of a public procurement mechanism, as well as the use of fiscal and other tools to reduce the burden on businesses in force majeure.

When implementing a responsible fiscal policy, the link between budget assignments and state priorities will be strengthened in order to improve the efficiency of using budget funds. Regular reviews of budget expenditures will improve the effectiveness of state policy implementation in the relevant sectors (areas) of activity.

The forecast takes into account recent changes in the legislative sphere, in particular, the introduction of agricultural land turnover, the invariability of the chosen course for reforms and the European vector of development, which provides for the deepening of foreign economic relations with the countries of the European Union. This takes into account the realities that have developed in the foreign economic space, caused by the consequences of the pandemic, and their impact on the foreign economic activity of Ukraine.

In general, a return to the trajectory of accelerating economic growth is expected. As a result, GDP growth is projected.

Under the baseline scenario, countries are expected to implement their strategies to overcome the consequences of the acute respiratory disease COVID-19 pandemic caused by the SARSCoV-2 coronavirus, in particular through support for households and businesses, providing developed countries and international financial organizations with significant financial support to developing countries. Such measures will help restore global economic growth.

Household consumer demand will continue to make the greatest contribution to growth due to its largest share in GDP. While active social policies will generally support consumption, a deterrent is the fact that a full recovery will require some time and resources, and consumer sentiment will remain somewhat uncertain in the first period after the crisis. The comparison base will also be less negative compared to other components.

The government's policies aimed at creating new workplaces, as well as stimulating economic development in the post-pandemic period, will contribute to a gradual decrease in the unemployment rate, an increase in production volumes and, accordingly, income from labor activity. Although slowly, money transfers from outside Ukraine will grow as labor migrants return to their places of work outside Ukraine. Consumer sentiment and general consumption will be positively affected by the resumption of dynamics in terms of increasing employment and, consequently, income in the small and medium-sized business sector as a result of the government's active policy to reduce barriers to doing business and create conditions for development, including financial ones. Additional support for consumer demand in the household sector will be the activation of bank lending.

At the same time, the growth of consumption will be constrained by the processes of restoring savings lost during the crisis and quarantine measures.

In the medium term, there will be a gradual decrease in the role of consumer demand, both private and public, in shaping economic growth, which is generally typical for Ukraine in post-crisis periods. Thus, the share of private consumption in the GDP structure is projected to decrease.

In the structure of GDP, the trend that was inherent in the Ukrainian economy in the pre-crisis period regarding a gradual shift in emphasis in favor of the investment component will resume.

Investment will have the highest growth rate among demand elements, and its contribution to economic growth in the medium term will increase from year to year. On the one hand, the low initial level of investment activity of both domestic economic agents and potential foreign investors, also affected by the global crisis, will have a significant impact. On the other hand, the extension of the implementation of investment projects that were started earlier and suspended or postponed for the period of the pandemic, state support for the implementation of new investment projects and gradual growth of lending will help to quickly restore a fairly high rate of investment development in the country with a smooth transition from restoring investment resources lost during the crisis to actively increasing capital in the economy.

In general, it is assumed that the main drivers of structural changes in the economy will be both industrial production using high and medium-high technologies, which will require new types of raw materials from related economic activities and labor resources, and the service sector, which provides services for the use of high and medium-high technologies (in particular, intellectually saturated market services), which together will form a sufficient level of

aggregate supply both to meet domestic needs and for the development of foreign economic activity.

World experience shows that the development of small and medium-sized enterprises (SMEs) is important for maintaining stable economic growth of the country, creating jobs and developing the country's innovative potential. At the same time, the role of SMEs in Ukraine remains relatively lower than in the EU countries.

The development of entrepreneurship corresponds to the association agreement between Ukraine and the EU.

Therefore, one of the priorities is the development of SMEs and their support in the conditions of quarantine and post-quarantine period caused by coronavirus disease (COVID-19).

In the coming years, the development of SMEs will continue to be a priority for the government. The government's measures in this area will be aimed at creating favorable conditions for business activity.

Taking into account the need to finance the implementation of structural reforms against the background of limited budget revenues, one of the priority tasks of financial support for the implementation of state policy in various fields of activity is to attract long-term concessional financing from foreign states, foreign financial institutions and international financial organizations for the implementation of investment projects for the economic and social development of Ukraine.

Conclusions

The current crisis caused by the COVID-19 pandemic is very rapid and has many atypical characteristics, so the options for overcoming the crisis are ambiguous and contradictory. The COVID-19 pandemic has already accelerated changes in the technological order and marked the beginning of a new economic cycle.

The consequences of the spread of the coronavirus pandemic and the corresponding application of restrictive and strict quarantine measures are a decrease in the level of social and economic development, which is manifested by a negative change in key indicators of macroeconomic development.

According to forecasts of key financial institutions and analytical agencies, almost all advanced and developing countries will experience a collapse of the global economy and a reduction in GDP. The global recession caused by COVID-19 will lead to a decline in the growth rate of gross domestic product.

In Ukraine, to effectively solve the problems of stabilizing the socio-economic situation, it is advisable to rely on a combination of a set of stabilization measures, in particular, anti-crisis measures aimed at social support of the population and the development of small and medium-sized businesses; fighting corruption; improving tax, customs and credit policy; improving the efficiency of public administration; promoting further reforms in priority areas for the country; increase funding for research with a focus on innovation and promote the spread and popularization of the use of digital technologies.

References

1. Amelin, A., Lavryk, ya., and monin, D. "Prohnoz zbytkiv. yakymy budut ekonomichni zbytky Ukrainy cherez pandemiuu koronavirusu" [Forecast of Losses. What Will be the Economic Losses of Ukraine due to the Coronavirus Pandemic], available at: https://dt.ua/ECONomICS/prognoz-zbitkiv-yakimi-budut-ekonomichni-zbitki-ukrayinicherez-pandemiyu-koronavirusa-342951_.html
2. Blinov, A. "Virus retsesii: chym obnertsia epidemiia COVID-19 i khto postrazhdaie naibilshe" [Recession Virus: what Will turn on the COVID-19 Epidemic and Who Will Suffer the most?], available at: <https://www.slovoidilo.ua/2020/03/18/pogljad/ekonomika/virus-recesiyi-chym-obnertsya-epidemiya-covid-19-xto-postrazhdaye-najbilshe>
3. Fitch Raiting (2020), «Global Economic Outlook: Crisis Update May 2020 (Coronavirus Shock Broadens)», May, [Online], available at: https://www.floridatrusionline.com/wp-content/uploads/2020/05/global-economic-outlookcrisis-update-may-2020-coronavirus-shock-broadens_Fitch_10123265.pdf
4. S&P Global Ratings (2020), «Economic Research: COVID 19 Deals A Larger, Longer Hit To Global GDP», No. 16, April, [Online], available at: <https://www.spglobal.com/ratings/en/research/articles/200416-economicresearch-covid-19-deals-a-larger-longer-hit-to-global-gdp-11440500>
5. International Monetary Fund (2020), «IMF Executive Board Approves 18-month US\$5 Billion Stand-By Arrangement for Ukraine», No. 9, June, [Online], available at: <https://www.imf.org/en/News/Articles/2020/06/09/pr20239-ukraine-imf-executive-board-approves-18-month-us-5-billion-stand-by-arrangement>
6. Medvedchuk: Ekonomichni vtraty vid zakhodiv z protydii pandemii koronavirusu mozhut seriozno perevyschty vtraty vid samoï pandemii" [medvedchuk: the Economic Losses From Coronavirus Pandemic measures Can Seriously Outweigh the Losses From the Pandemic Itself], available at: https://zik.ua/news/politics/medvedchuk_ekonomichni_vtraty_vid_zakhodiv_z_protydii_pandemii_koronavirusu_mozhut_seriozno_perevyschty_vtraty_vid_samoï_pandemii_962974
7. Ministerstvo rozvytku ekonomiky, torgivli ta sil'skogo gospodarstva Ukrai'ny (2020), «Ukrai'na u 2020-2021 rokah: naslidky pandemii. Konsensus-prognoz», No. 51, 35 p., [Online], available at: <https://www.me.gov.ua/Documents/List?lang=uk-UA&id=767c9944-87c0-4e5a-81ea-848bc0a7f470&tag=Konsensus-prognoz>