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Svetlana Gusarova
Doctor of Economics, Associated Professor,
Leading Researcher at Department of World Economy
Plekhanov Russian University of Economics

ECONOMIC DEVELOPMENT OF COUNTRIES DURING THE PANDEMIC CRISIS[1]

Summary

2020 has been one of the toughest years for the entire global economy. The countries have been facing a protracted crisis related to the coronavirus pandemic. To cope with this problem, many countries have had to declare national quarantines. Many sectors of the economy have suffered. Almost all countries in the world have seen a decline in GDP. The governments of all countries of the world, including the BRICS groups and the EAEU, have introduced measures to stabilize the economy. The analysis carried out in the work has made it possible to identify the problems that the countries have faced during the coronavirus pandemic and to determine the ways for them to get out of the crisis.

Introduction

Since the beginning of 2020, all countries of the world have found themselves in very difficult conditions in the fight against the coronavirus pandemic. Many states were forced to introduce a self-isolation regime, suspending the work of some industries. This period of sharp recession in the world economy was called the «Great Self-Isolation». The main damage was suffered by such economic sectors as the manufacturing sector, tourism, air transportation, hotel business, restaurant business, fashion and beauty industry, fitness industry, and entertainment. In a more favorable position during the recession there have been the IT industry, the telecommunications industry, and medicine. All countries of the world have been affected by the coronavirus pandemic. In this study, we will consider the economic development during this difficult period of some countries of the world, but we will dwell in more detail on such groups of countries as the BRICS and the EAEU, in strategic cooperation with the states of which Russia is interested.

According to forecasts of the International Monetary Fund (IMF), the global economic decline in 2020 will amount to 3%. In 2020, China’s GDP is expected to grow by 1.2%, while the Indian economy will expand by 1.9%. Brazil’s GDP will be significantly reduced by 5.3%, the South African

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economy will decrease by 5.8% [1]. A negative value of this indicator is predicted in 2020 and in all EAEU countries. So, in Armenia it will be -4.5%, but in 2021 the country's GDP growth rate is planned to increase to 3.5%, in Belarus (- 3.0% and 2.2%, respectively), in Kazakhstan (-2, 7% and 3.0%), in Kyrgyzstan (-12.0% and 9.8%), in Russia (-4.1% and 2.8%) [2].

Part 1. The world economy before the pandemic

A significant decline in economic indicators in the global economy, starting in 2015, was associated with a slowdown in the growth of the Chinese economy, a decrease in oil prices and prices for metals and other natural resources, and an increase in the volatility of world stock markets. Nouriel Roubini noted that China was facing a «hard landing» [3]. The well-known American economist Joseph Stiglitz, confirming the influence of the Chinese economy on the state of economic development of the whole world, at the same time noted that negative phenomena in the global economy associated with a significant decrease in aggregate demand were also associated with the introduction of strict cost-cutting programs in Europe [4].

The 2020 coronavirus pandemic has affected the economies of all countries of the world, including the BRICS and EAEU states. According to experts from the international rating agency (Fitch), no country in the world can avoid the devastating consequences of the coronavirus pandemic [5].

The development of the economies of all countries of the world is greatly influenced by changes in oil prices as the main energy resource, despite the development and implementation of alternative innovative, green energy sources. The oil exporting countries are interested in the growth of oil prices, while the importing countries, on the contrary, prefer their decline. A decrease in oil production leads to an increase in prices for this energy resource, and an increase in oil production leads to a decrease in its quotations. The world's leading exporters of oil are Russia, the countries of the Middle East, the USA, and Canada. Kazakhstan is interested in the growth of oil prices. Fluctuations in oil prices have a negative impact on the economies of many countries, especially developing states, including the BRICS countries and the EAEU.

The largest volume of proved oil reserves in the global economy in 2018 was in Venezuela – 303.3 billion barrels (17.5% of the global volume). In terms of proven oil reserves, Russia is in sixth place in the world – 106.2 billion barrels (6.1%), Kazakhstan's proven reserves – 30 billion barrels [6].

The main oil-producing country in the world in 2018 was the United States, which produced 15.3 million barrels per day (or 16.2% of the total oil production in the global economy), ahead of Saudi Arabia (12.3 million barrels per day, or 13% of world production). Russia ranked third among the world's oil-producing countries (11.4 million barrels per day, or 12.1% of world oil production), Kazakhstan produced 1.9 million barrels per day. Not only the availability of oil reserves and volumes of its production, but also oil refining and the production of oil products are of great importance for the development of the economies of the countries of the world. The leading country-producer of petroleum products in the world in 2018 was the United States – 17 million barrels per day (20.4% of world production). China was in second place – 12.4 million barrels per day (15% of world production). In terms of oil refining (5.8 million barrels per day – 7% of world production), Russia was in third place in the world, India was in fourth place with 5.2 million barrels per day (6.2%). Brazil was in ninth place in the world in the production of petroleum products – 1.7 million barrels per day (2.1%). Kazakhstan processed 0.4 million barrels per day [6].

In 2020, amid the coronavirus pandemic, an «oil war» broke out between Saudi Arabia and Russia. Problems in the OPEC+ cartel related to the decision to increase oil production and disagreement with this decision of Russia, led to the cancellation of previous agreements. On April 1, 2020, the deal, concluded by OPEC+ in 2016 to reduce oil production, and allowing oil prices to be kept at around $ 50 per barrel, expired. The increase in oil production by OPEC countries led to a sharp decline in oil prices, which in turn influenced the collapse of world stock indices and a significant strengthening of the US dollar. For example, on the New York Stock Exchange (NYSE) on March 12, 2020, trading was suspended due to the fact that the key exchange index (DJIA) fell by 9.33%.

This also influenced the decline in stock indices in the BRICS countries. The RTS (Russian Trading System) index on March 12, 2020 decreased over the month by almost 1000 points (to 966.40 points) [7]. The São Paulo Stock Exchange Index (IBOVESPA) in Brazil decreased by March 12 (for a month) 1.6 times to 72,582.53 points [8]. The Shanghai Stock Exchange Index (SSE Composite) dropped 1.2 times over two months (to 2660.17 points on March 23) [9]. The main indicator of the Indian stock market is the Bombay Stock Exchange Index (BSE Sensex 30). Over the month, this index decreased 1.6 times to 25981.24 (March 23) [10].

The decline in European stock prices was influenced by the news that a company from Saudi Arabia (Saudi Aramco) plans to carry out oil expansion in Europe.

To restore the balance in the world oil market, a new OPEC+ meeting was held on January 9, 2020 at the initiative of Saudi Arabia. The deal was completed on January 10, 2020 (at the G20 meeting). As a result, it was decided to gradually reduce oil production until mid-spring 2022. From May to June 2020, daily oil production will be reduced by 10 million barrels. Then the volumes of oil production decline will change: from July 1, 2020 – by 8 million barrels per day, from January 2021 to April 2022 – by 6 million barrels per day. Russia and Saudi Arabia will cut oil production by 2.5 million barrels per day each. The volume of oil production by OPEC+ countries will be reduced by 23%. Mexico did not agree to these conditions for cutting oil production, which will have to reduce production by 400 thousand barrels per day. The agreement will enter into force only after Mexico joins the deal.

In the future, the United States, Canada and Norway may join the deal, despite the fact that they are not part of the OPEC+ cartel [11].

The countries of the BRICS and EAEU groups help each other to cope with the pandemic problems, provide each other with economic, expert and humanitarian assistance. To this end, the states of the «five» are expanding their intra-group cooperation both in the economic and political spheres in the context of a change in the geopolitical paradigm of development and the formation of new leadership systems in the world arena.

Part 2. Impact of the pandemic on the development of the global economy

According to the calculations of the Asian Development Bank, the volume of the world economy due to the coronavirus pandemic will decrease by 5.8-8.8 trillion USD in 2020 [12].

The global economy in the first quarter of 2020 is greatly influenced by the following processes: a) the pandemic that broke out at the beginning of 2020, as a result of which the activity of some sectors of the economy of many countries of the world stopped; b) problems in the OPEC+ cartel («price war» between Russia and Saudi Arabia, which led to a sharp decline in oil prices); c) overflow of oil reserves in storage facilities in the global economy; d) the slowdown in the growth of the global economy influenced the decrease in the demand for energy resources in many countries of the world, primarily in China; e) the lifting of the embargo on Iran led to an inflow of Iranian oil to the global market not only due to an increase in its production, but also from oil storage facilities. The decision to cut oil production allowed to smooth out uncertainty, reduce volatility, stabilize the global financial and energy markets, which in turn influenced the beginning of recovery processes in the global economy.

In the second quarter of 2020, the situation in the global financial markets deteriorated; this was the most difficult time in the development of the global economy in recent years. If in the first quarter the decrease in the total GDP of 28 EU countries was by 2.5%, and in the eurozone countries – by 3.1%, then in the second quarter there was already a decline in GDP in the EU area by 11.9% (in annual terms), and in the eurozone – by 12.1%. This was the largest decline in European economies since 1995. In Spain the economic decline in the second quarter of 2020 was 18.5% (the largest decline among the EU countries), in Portugal – 14.1%, in France – 13.8% [13].

The decline in the US economy was deeper, with real GDP falling 31.4% on an annualized basis in the second quarter of 2020 (a record drop in one quarter since 1947) [14].

In recent years, the *Chinese* government has been focused on changes in aggregate demand as the main factor in the formation of trends in the country's socio-economic development. During the years of reforms carried out in China, the rapid growth of the Chinese economy continued, expressed not only in maintaining high GDP rates, but also in the volume of foreign trade, attracted foreign direct investment, and accumulated gold and foreign exchange reserves. The growth of the Chinese economy for a long time was determined by internal and external factors. Between 1979 and 2009, China's GDP growth rate averaged 9.9%.

For the years of the 13th five-year plan (2016-2020), significantly lower indicators of GDP growth were planned – 6-6.5%. In 2001-2017, China's GDP increased 10.5 times. In 2017, the Chinese economy grew by 6.9%, the country's GDP growth was supported by the increased volume of net product exports and high private consumption. The main indicators were outlined in four areas: economic growth, the development of science and technology, the standard of living of the population, and environmental protection. In 2019, China's GDP grew by 6.1%. At the 4th session of the NPC of the 12th convocation (March 2016), the goal was set by 2020 «to build a Xiaokang (small prosperity) society throughout the country».

In the early 2000s, China lagged significantly behind the leading countries in the world in terms of GDP and in terms of GDP per capita. But already in 2010, China ranked second in the world after the United States in terms of nominal GDP. But in terms of GDP per capita, it continued to lag significantly behind developed countries. In the future, China began to converge on this indicator with the United States and the countries of the European Union. In 2017, according to the IMF, GDP per capita in China amounted to 10,090 USD, approaching Russia (11,950 USD is the best value of this indicator among the BRICS countries), and almost equal to Brazil (10,220 USD), significantly ahead of South Africa (6,460 USD) and India (2,130 USD) [15].

China's GDP for the first quarter of 2020 decreased by 6.8% as a result of the coronavirus [16]. The negative dynamics of development of the Chinese economy was recorded for the first time since 1992. The decrease in the growth rate of China's GDP was influenced not only by the suspension of the activities of many enterprises as a result of the pandemic, but by the «trade war» between the PRC and the United States. In May 2020, the United States again decided to tighten sanctions against China, suspecting it of hiding information about the coronavirus and demanding full information about the causes of the pandemic. The United States continued its confrontation with China, pursuing a course of restricting the access of Chinese companies to the American capital market. China responded to the US by introducing a special law against Hong Kong, which could lead to new protests. The US Department of Commerce has prepared new sanctions against 33 Chinese companies and government organizations for repression in the Xinjiang Uygur Autonomous Region and for importing military goods and technology from the United States. The United States also threatened to impose new sanctions if the Chinese government expanded the national security law to

Hong Kong, due to which mass protests resumed there, suspended as a result of the coronavirus pandemic.

In March 2020, the situation in the Chinese economy began to gradually improve. According to various expert estimates, taking into account the coronavirus pandemic that swept across the country in early 2020, GDP growth in 2020 varies from 1 to 4% per annum [17]. Premier of the PRC State Council Li Keqiang said that China no longer sets a goal of growth GDP, a new target is set for 2020 – a budget deficit of 3.6% of GDP and an inflation rate of 3.5%. Experts believe that the Chinese government thus preferred the priority of economic stability than growth, maintaining low unemployment and inflation in the country. Investors saw this as a signal that a quick recovery of the PRC's economy should not be expected, and, therefore, there will be no pre-crisis level of oil consumption.

In the second quarter of 2020, it turned out that the current situation as a result of the coronavirus epidemic affected medium and small enterprises and micro-enterprises to the greatest extent. This situation was outlined in the «Report on the work of the PRC government» at the 3rd session of the 13th NPC in June 2020. In 2017, the PRC government introduced the «Classification of National Economy Sectors», according to which enterprises were divided into four types: large, medium, small and micro-enterprises. This takes into account the number of personnel, the amount of income from economic activities, the value of fixed assets and some other indicators. The role of private business in the Chinese economy is described according to the formula «5-6-7-8-9», that is, the private sector in China accounts for more than 50% of taxes, 60% of GDP, 70% of technical innovation, 80% of employed in urban and rural areas and 90% of the total number of enterprises.

To support companies after the coronavirus epidemic, the PRC government lowered the tax rate on added value, as well as old-age insurance rates for workers and employees of companies. A new 500 billion CNY reduction in taxes and fees was announced. All small, micro-enterprises and individual enterprises have been granted a deferral of their income tax contributions for the next year – 2021, and the new volume of tax and fee cuts will exceed 2.5 trillion CNY.

As a result of the measures taken, China's GDP grew by 3.2% in the second quarter of 2020 [16]. At the same time, all macroeconomic indicators began to grow. In the second quarter of 2020, the growth rate of value added in industry amounted to 4.4%, in the service sector – 1.9%, retail turnover – minus 1.8%, investments in fixed assets – minus 3.1%, in export-import trade – minus 0.2%. On the creation of new jobs with a plan of 9 million new jobs per year, 5.64 million new jobs were created in cities and towns in June (62.7% of the plan). Unemployment in cities and towns was 5.7%, which was below the projected 6%.

In the third quarter of 2020, China's GDP increased by 4.9%, and in the nine months of 2020, the country's economy grew by 0.7% [18].

The global economic situation in the world and the degree of resumption of external demand have a serious impact on the Chinese economy.

According to Chinese economists, there are three scenarios for the development of the Chinese economy. As to a realistic scenario, GDP growth in 2020 will be about 2.5%, and the country's GDP will be 101.6 trillion yuan.

According to the pessimistic scenario, the protracted epidemic will lead to a noticeable decrease in global demand for Chinese products, GDP growth in the fourth quarter of 2020 will remain at a low level, and economic growth in 2020 will not exceed 1% of GDP. In this case, the volume of GDP in 2020 will hardly reach the 100 trillion CNY mark.

In the optimistic scenario, the epidemic will decline, external demand will appear, and the positive measures proposed at the June 2020 session of the NPC will give the result. In this case, in the fourth quarter there will be a return to the previous rates of GDP growth, and will be about 3.5% on an annual basis, and the volume of GDP in 2020 will reach 102.6 trillion CNY.

Chinese President Xi Jinping noted that the strategic cooperation between Russia and China, having passed the test of the epidemic, will become even stronger, and the friendship of the peoples of the two countries will certainly continue to grow stronger day by day [19]. China and Russia intend to strengthen anti-epidemiological cooperation, exchange experience in the prevention and treatment of coronavirus, together with other BRICS countries to respond to common threats and challenges in the health sector. The Chinese pharmaceutical company CanSino Biologics, together with Russian specialists, has begun the third phase of clinical trials of a coronavirus vaccine.

In all the BRICS countries and the EAEU, amid a pandemic, there is a drop in domestic and external demand for goods and services, a decrease in activity in the services and manufacturing industries, a significant decrease in the income of companies in many sectors of the economy, and a decrease in trade volumes.

The Russian economy in the first half of 2020 was in a state of triple shock. On the one hand, due to the pandemic, global demand for oil has decreased, therefore, the volume of production and export of oil and oil products by Russia has decreased. On the other hand, in March 2020, there was a sharp reduction in the size of oil prices. In addition, the development of the Russian hydrocarbon sector continued to be negatively affected by the sanctions of the United States and a number of European countries, affecting the inflow of foreign direct investment in this sector of the economy. In addition, the sanctions pressure on the Russian economy from the United States and Western countries intensified during this difficult period.

According to the forecast of the Central Bank of the Russian Federation, the decrease in the volume of Russia's GDP will amount to 4-6% by the end of 2020. It is expected that the volume of Russian exports in 2020 will decrease by 10-15%, the volume of investments – by 6-10% [20].

The Russian government has developed several programs to help low-income segments of the population and small and medium-sized businesses during the crisis, allocating 1 trillion RUB. Assistance has been provided not only to businesses, but also to non-profit organizations, self-employed citizens and families with children, doctors and social workers. To support small and medium-sized businesses, 520 billion RUB was provided from the state budget, and 430 billion RUB from state guarantees. Small and medium-sized enterprises from the affected industries are provided with a loan at 2% to support employment (moreover, loans and interest will be written off if the company can maintain employment at 90%) and a full write-off for the second quarter of 2020 of taxes and insurance premiums (excluding VAT). Small and medium-sized enterprises are provided with a grace period for the payment of fines, as well as a grace period for rent payments for up to a year. Small companies producing or selling excisable products (alcohol, tobacco, gasoline, medicines, veterinary products) can apply for government assistance.

For general support measures for the economy, there was allocated 500 billion RUB. The backbone enterprises, provided that they retain their staff, will receive assistance in the form of subsidizing 6% of the loan rate and providing 50%. In total, there were 1,151 Russian strategic companies in Russia in 2020. The decree «On measures to support backbone organizations» specifies how the backbone companies that need state support are selected. At the same time, systemically important enterprises with the participation of foreign capital will not receive support.

It is planned to allocate about 300 billion RUB of state guarantees for social protection. Enterprises in the affected industries that have not laid off their workers will be able to receive support for the payment of wages in the amount of one minimum wage per employee. In addition, companies will be able to receive an interest-free loan to pay salaries. Small businesses from the affected industries will also be able to get a six-month grace period for their insurance premiums.

Self-employed citizens will be refunded their income tax for 2019. They will also receive capital in the amount of one minimum wage for tax payments.

Targeted support is provided for the most vulnerable layers of the population. Allowance for families with children in need, as well as the size of childcare allowance for non-working citizens and students has been doubled. A special federal surcharge was established for physicians and social workers.

Some analysts believe that an increase in state support in the context of the restrictions imposed during the quarantine period will not bring a positive effect. At the same time, it is noted that measures to support the Russian economy lag behind the anti-crisis programs of other countries. Thus, the volume of assistance from the Russian government is 2% of the country's GDP, in Germany – 37% of GDP, in Italy – 20%, Great Britain – 16%, France – 14%. Russia has provided assistance to China in the fight against coronavirus. 23 tons of medical masks, goggles, gloves and clothing were sent to China from Russia. If necessary, Russia and China are ready to provide such assistance to other countries, including the «five» states.

Even before the start of the pandemic, there were problems with the development of the Indian economy. In 2016, the government withdrew 85% of paper money from circulation as part of its demonetization policy, which was aimed at eradicating corruption. This decision caused irreparable damage to small businesses that deal with cash. The new taxation scheme for goods and services, adopted in 2019, was aimed at simplifying the tax code, but in fact caused damage to large manufacturers. Finally, last year, unemployment in India peaked in four decades.

As in other countries of the world (including the BRICS), the Indian government has introduced isolation measures in the country to combat the impact of the coronavirus. The development of the pandemic has led to serious disruptions in value chains, the cancellation of previously concluded contracts. The results of the pandemic primarily influenced the slowdown in the development of agriculture, trade, transport and hotel sectors in India. As a result, the volume of imports of goods decreased by 1.6 times compared to the data in April 2019 from 41.4 billion USD to 17.1 billion USD. Due to the decrease in business activity, the volume of oil imports in April 2020 decreased by 1.6 times to 4.7 billion USD [21].

In the first quarter of the 2020–2021 fiscal year (which ended in June 2020), the country's economy contracted by 23.9% (in annual terms, the worst indicator since 1996) [22]. According to the Organization for Economic Cooperation and Development, this is the worst recession among the world's largest economies.

At the end of March 2020, when the number of COVID-19 cases in India was relatively low compared to other countries, the Indian government announced the most stringent isolation measures in the world. Only small sections of the working population have adapted to work in isolation, but hundreds of millions of poor Indians, deprived of their livelihoods, found themselves in urban centers and industrial zones with little or no food or medical services. The government tried to open shelters and food distribution points for them, but by that time the pandemic had gained impressive momentum. In this situation, millions of migrant workers tried to return to their home villages, sometimes hundreds of kilometers away from work. It was this massive exodus that contributed, according to health experts, to the spread of the coronavirus on a dangerous scale throughout the country.

In April 2020, 70.4% of manufactured products experienced a decline of more than 50%. In May 2020, as the government began to loosen isolation restrictions, Indian Prime Minister Narendra Modi announced a 265 billion USD (equivalent to 10% of GDP) [23] stimulus package during the pandemic, most of which is targeted at the poor. However, production and consumer costs in state have still not recovered and most Indians have not been able to use the funds. The Indian government has announced structural reforms in several sectors of the economy, but these reforms will not be able to affect the development of the Indian economy in the short term, as they are designed for a longer period. In July-September 2020, India found itself in a technical recession for the first time, with India's GDP declining for the second consecutive quarter. To restore a robust economic recovery in India, the government is introducing additional measures to increase the purchasing power of consumers.

India is the world's largest producer of hydroxychloroquine. 100 million tablets of this drug were supplied to Russia. Clinical trials of the Russian Sputnik V coronavirus vaccine have begun in India.

The international rating agency (Fitch) predicts a 4% decline in Brazil's GDP. This process is influenced not only by the coronavirus pandemic, but also by the global recession, a slowdown in the growth of the economy of China (Brazil's main trading partner), a decrease in the flow of foreign investment, a decrease in prices for raw materials, a decrease in domestic activity, and a high level of unemployment. The Brazilian government, unlike other BRICS countries and many countries around the world, has not taken the coronavirus pandemic seriously. Brazilian President Jair Bolsonaro has compared the COVID-19 coronavirus to «mild flu». Therefore, the country did not take emergency measures to isolate the population. As a result, South America's largest economy is facing a very alarming situation, ranking sixth in the world for the number of confirmed coronavirus infections.

In the second quarter of 2020, Brazil's GDP decreased by 9.7% (on an annualized basis), during this period the volume of trade decreased by 14.1%, industrial production – by 12.7% (including manufacturing – by 20%) [24]. The Brazilian government has taken measures to support small businesses, pay social benefits to 65 million people, and allocate funds to regional administrations to organize medical care.

Despite the taken measures, the Brazilian government cannot stop the rise in unemployment and the outflow of foreign investment from the country. For eight months of 2020, the inflow of foreign direct investment decreased from 31 billion USD in 2019 to 23 billion USD in 2020, in addition, 15 billion USD of foreign currency assets were withdrawn from the country during this period (the largest outflow since 1982). From February to May 2020, foreign investors have withdrawn 11.8 billion USD from Brazilian Stock Exchange and 18.7 billion USD – from its bond market [25].

The Brazilian state of Bahia is researching a Russian vaccine against COVID-19. The Russian Direct Investment Fund and the Brazilian state of Parana have agreed to promote jointly the Sputnik V vaccine.

The economic downturn of the South African economy as a result of the coronavirus pandemic was 51%. The decline was observed in all sectors of the economy, with the exception of agriculture. Industries such as tourism, hotel business, and air transportation have virtually ceased to operate.

To combat coronavirus, South Africa was quarantined for five weeks (until May 1, 2020), and aggressive early quarantine measures were taken. This strategy of the South African government helped to bring the pandemic under control, but the country's stagnant economy suffered greatly. For the first time since 1993, the country experienced a recession for four consecutive quarters.

This was followed by some relaxation due to possible problems in the social and economic spheres. The national treasury of the country predicts the reduction of the South African economy by 5.8% in 2020 and its growth by 4% in 2021. In the second quarter of 2020, the number of jobs decreased by 2.2 million.

The first African trial of a Russian coronavirus vaccine has begun in South Africa.

The BRICS New Development Bank (NDB) is helping the BRICS countries to overcome the crisis consequences and fight the coronavirus. A credit line was approved for China in the amount of 7 billion CNY (about 1 billion USD) and India for 1 billion USD. The possibility of providing Brazil and South Africa with 1 billion USD each as an emergency aid to combat coronavirus is being considered. The NDB has the financial capacity to provide anti-crisis assistance to the BRICS countries for economic recovery after the coronavirus pandemic in the amount of 15 billion USD. The NDB will be able to finance health support until March 2021. An Emergency Fund for NDB member countries will be created.

According to the World Bank, in 2020 Kazakhstan's GDP will decrease by 3% (for the first time since the early 1990s); in 2021 a slight recovery of the country's economy and growth by 2.5% is possible [26]. The main blow of the pond was on the oil and gas industry. The volume of investment in fixed assets in the first 9 months of 2020 decreased by 4.9% due to the shocks of the coronavirus pandemic (in construction, trade, finance). To contain the spread of coronavirus, the government of the country introduced quarantine and developed fiscal and monetary measures aimed at helping people in difficult situations and to support business.

In 2020, the Republic of Belarus faced several challenges. Firstly, there was a conflict with Russia over oil prices, and as a result Belarus refused to buy Russian oil. Then, almost all countries in the world were swept by a recession due to the coronavirus pandemic. The economic situation was complicated by popular unrest after the presidential elections. The economic difficulties caused a further devaluation of the national currency. There is a deficit in the state budget in the country. In the first nine months of 2020, the country's public debt increased by 27%. The growth of public debt was due to the fact that during the pandemic, the government spent large sums on supporting industrial companies. Due to the political crisis, the country will face problems in refinancing public debt. During this period, the country's GDP decreased by 1.3% (compared to the same period in 2019). A slight decrease in the volume of GDP is due to the fact that quarantine was not declared in Belarus, all sectors of the economy continued to work.

Conclusions

The study of the economic problems of the BRICS and the EAEU countries made it possible to identify the main consequences that the «Great Self-isolation» had on their development:

a) the closure of many enterprises and industries, both large and small, affected a deep recession in the global economy;

b) significant decline in the activity of some industries (tourism, air transportation, decrease in remittances, etc.;

c) decrease in the income of companies and the population (below the level of extreme poverty – 1.9 USD per day – there were 90 million people in the world);

d) increased shock to the economies of countries as a result of bankruptcies of companies, as well as new sanctions imposed by some governments against, for example, Russia and China; decrease in demand and consumption;

e) reduced growth in the inflow of foreign direct investment;

f) growth in the accumulated public debt;

g) decrease in the number of labor resources, economically active population as a result of their loss of jobs;

h) rising unemployment rate;

i) deterioration of living standards of the population;

j) increased inequality;

k) the closure of some schools during the quarantine period, which may affect the accumulation of human capital.

To solve these problems of development of the economies, it is necessary:

– to continue structural reforms aimed at restructuring the economy and developing innovative industries;

– to extend fiscal policy measures aimed at supporting the economy, at helping companies and the population most affected by the pandemic, and protecting vulnerable groups by the governments of the countries;

– to increase the inflow of investments in health care to combat the pandemic, education, for the implementation of infrastructure projects, which help to reduce the dependence of the country's economy on carbon sources of energy;

– to expand multilateral cooperation between the BRICS and the EAEU countries in the fight against the pandemic;

– to create joint investments by the BRICS countries and the EAEU in renewable energy sources, stimulation of «green» investments;

– to ensure growth in R&D costs, promoting the development of innovations in industries and the introduction of innovative technologies into production;

– to expand multilateral cooperation of the BRICS countries in the field of international trade and investment, in the development of innovative technologies;

– to develop electronic commerce;

– to refuse from the US dollar in mutual settlements, transition to settlements in national currencies of countries;

– to change corporate taxation commensurate with their profitability;

– to implement a progressive taxation scale for wealthier citizens;

– to provide professional retraining of the workforce, the formation of new skills and competencies.

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