

The Impact of COVID-19 Pandemic on the Economic Situation in the Hashemite Kingdom of Jordan



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ABSTRACT: The corona virus pandemic has caused a global health emergency and a major economic crisis, and governments facing this threat find themselves in uncharted territory, or in a state of uncertainty about the future. At the international level, supply chains are threatened with disruption, which may lead to shortages in basic production inputs, and higher food prices. This crisis differs from its predecessors in that there is a possibility of a recurrence of the shock, until a vaccine is found and its fair delivery to everyone is ensured, and this threat would affect the prospects for economic recovery. In the short term, it is likely that the economies of emerging markets and developing countries will be most affected, especially those that suffer from weak health systems, or rely heavily on trade, tourism or remittances from abroad.

KEYWORDS: Corona virus, Jordanian economy.

I. INTRODUCTION

The economic effects of the pandemic have been so severe in emerging economies that the resulting income losses have exposed and exacerbated pre-existing economic vulnerabilities. With the spread of the pandemic in 2020, it became clear that much of the household and corporate sector was ill-equipped to withstand an income shock in terms of its length and breadth. Studies based on pre-crisis data, for example, indicate that more than 50% of households in emerging and advanced economies were unable to maintain the same basic consumption level for more than three months in the event of income loss. Similarly, the cash reserves of medium-sized companies covered less than 55 days of expenses. Much of the household and corporate sector in emerging economies was already burdened with high levels of unsustainable debt prior to the crisis, and had difficulty servicing that debt when the pandemic and associated public health measures severely reduced household income and corporate revenue.

The crisis has severely affected global poverty and inequality, with global poverty rising for the first time in a generation, and disproportionate income losses among disadvantaged groups driving inequality within and between countries. According to the survey data, in 2020, the temporary unemployment rate in 70% of all countries is higher among workers who have only completed primary education. The incidence of income loss was also greater among youth, women, self-employed and seasonal workers with lower formal educational levels. Women, in particular, were affected by the loss of income and employment because they were more likely to work in sectors that were more affected by the general closure and social distancing measures. Therefore, in this article, we will discuss the impact of the Corona virus on the Jordanian economy.

II. HEADINGS

An overview of the impact of the Corona crisis on the Jordanian economy:

Governments' responses to the pandemic in the short term have been exceptionally quick and comprehensive. Governments have adopted many policy tools that were either completely unprecedented or had not been used on this scale before in emerging economies. Examples include large direct income support measures, debt deferrals, and asset purchase programs implemented by central banks. These programs varied greatly in size and scope, in part because many low-income countries faced significant difficulties in mobilizing resources due to limited access to credit markets and high levels of government debt prior to the crisis. As a result, the fiscal response to the crisis as a share of GDP has been nearly equally large in high-income countries, and equally weak, or no response, in low-income countries. In middle-income countries, the fiscal response has been quite mixed, reflecting marked differences in the ability and willingness of governments to spend on support programmes.

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Because of Corona, the Jordanian economy shrinks by 3.4% and decreases in revenues:

In July 2021, the Jordanian government announced, on Sunday, a package of decisions that lift some restrictions that were imposed to confront the crisis of the outbreak of the new Corona virus, such as allowing all industrial and commercial sectors operating to work starting next Wednesday, while preparing to enter a difficult economic stage described by the Jordanian Minister of Finance. A “battle of survival” in light of the expectation of a 3.4% contraction in the economy. The government’s announcement came in a press briefing on Sunday from the Crisis Management Center, in which the ministers of state for media, industry, trade, finance and health reviewed a package of various decisions related to public safety conditions for the return of sectors, transport movement and developments of virus infections, in addition to issuing two new defense orders under the Defense Law.

The ministerial team considered that the stage now is the stage of balancing between the health impact of the Corona virus and the economic impact. And the Jordanian government kept setting the hours of movement and movement during the month of Ramadan, until six o’clock, despite the lifting of restrictions on economic establishments, while allowing all public and private transportation to move.

The Minister of State for Media Affairs, Amjad Al-Adayleh, announced Defense Order No. 10 issued by Prime Minister Omar Razzaz, which includes extending the period prescribed for submitting income tax returns and supplying them to the government until next June. He also announced the issuance of Defense Order No. 11, which includes imposing penalties on individuals, and operating establishments that violate the application of safety and prevention conditions with varying financial fines, including wearing masks, gloves and social distancing.

For his part, Jordanian Finance Minister Muhammad Al-Issis revealed an expected contraction of the Jordanian economy by 3.4% this year, saying that the health effects of the Corona virus are not clear in the world as a whole, as well as “it is impossible to expect the impact of this unprecedented shock on the economy.” , As he says.

Al-Ississ warned against interpreting what he said is the government’s transparency approach, in terms of “shaking confidence” in the national economy, saying that “the impact of the blow to the Jordanian economy, government revenues and GDP was and will be very deep,” as local revenues decreased until the end of April by about 602 million dinars (about 860 million US dollars) compared to the same period in 2019.

III. CONCLUSION

The pandemic dominated the main events in Jordan for the year 2020, like the rest of the world, to shape the social, political and economic events in the Kingdom, as the epidemic claimed the lives of hundreds of Jordanians and infected thousands, leaving an economy suffering from a slowdown in the pace of economic growth. As the losses that occurred due to the pandemic are very large, as the loss in the value of the gross domestic product in 2020 is estimated at about 1282 million dinars, and it is expected that the economic recovery in Jordan will be medium to long-term, which requires a reassessment of the effectiveness of the tax reforms that were applied in The period 2016-2019, activating health and education services, enhancing their capabilities and immunity, improving the financial space, expanding government public investments, looking into prospects for regional trade for new opportunities, or developing existing opportunities in the sectors of regional trade in food, health, energy, and knowledge. The gender gap in the opportunities and benefits of sustainable development and human resources represents a weakness that must be addressed in economic performance.

ACKNOWLEDGEMENTS

Big thanks and respect to your esteemed magazine for allowing me the opportunity to publish my articles and facilitating the task for me.

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The Impact of COVID-19 Pandemic on the Economic Situation in the Hashemite Kingdom of Jordan

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