# Business acuities

International business

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## Impact of corona virus outbreak:


### 1.Humanitarian Crisis:

The outbreak caused a humanitarian crisis, particularly in Wuhan, China, where the virus originated. Hospitals and healthcare systems were overwhelmed, and efforts were made to control the spread of the virus and provide medical care to those affected.

### 2. Travel Restrictions:

To contain the virus's spread, many countries implemented travel restrictions and advisories, affecting both domestic and international travel. Airlines, tourism, and hospitality industries experienced significant disruptions as flights were canceled, borders closed, and people limited their travel.

### 3. Supply Chain Disruptions:

China, being a major manufacturing hub, faced disruptions in its supply chains. Factory closures, quarantines, and transportation restrictions affected the global supply of goods and components, impacting industries worldwide, such as automotive, electronics, and pharmaceuticals.

### 4. Stock Market Volatility:

Global stock markets experienced significant volatility as investors reacted to the uncertainty surrounding the virus's impact on the economy. Stock indices declined, and there were sharp fluctuations in response to news about the outbreak's severity and containment efforts.

### 5. Economic Slowdown:

The outbreak had a negative impact on economic growth. Businesses faced disruptions, and consumer spending declined as people stayed home and practiced social distancing. This slowdown affected various sectors, including retail, tourism, hospitality, and entertainment.

### 6. Oil Price Decline:


The demand for oil decreased as travel restrictions and reduced economic activity resulted in lower fuel consumption. This led to a decline in oil prices, affecting oil-exporting countries and energy companies globally.

7. Public Health Measures:

Governments and health authorities implemented public health measures such as lockdowns, social distancing, and mask mandates to control the spread of the virus. These measures had a profound impact on businesses and industries that relied on in-person interactions, leading to closures, layoffs, and financial strain.

## U.S –China phase one trade deal:

1. Trade Commitments:

The Phase One trade deal aimed to address longstanding trade issues between the two countries. China agreed to increase its purchases of U.S. goods and services by $200 billion over two years, including agricultural products, energy products, and manufactured goods.

2. Intellectual Property Protection:


The deal included provisions to enhance intellectual property protection, addressing concerns raised by the United States regarding forced technology transfer, theft of intellectual property, and counterfeiting.

3. Technology Transfer:

The agreement sought to improve the treatment of American companies in the Chinese market, including provisions related to technology transfer, access to financial services, and transparency in regulatory processes.

4. Dispute Resolution:

The Phase One trade deal established a mechanism for resolving disputes between the United States and China. It included a regular assessment process to monitor progress and address concerns regarding trade practices.

5. Tariff Reductions:

As part of the deal, the United States agreed to reduce some tariffs on Chinese goods. However, significant tariffs remained in place on a wide range of Chinese imports, maintaining pressure on China to comply with the deal's provisions.

### 6. Economic Impact:

The Phase One trade deal provided a temporary respite from escalating tensions between the two countries and offered some predictability for businesses. It provided a framework for improving trade relations and addressing certain trade issues, which had implications for industries affected by the trade dispute, including agriculture, manufacturing, and technology.

## Davos world economic forum:

### 1.Climate Change:

Climate change and environmental sustainability were significant topics of discussion at the forum. Greta Thunberg, the prominent climate activist, delivered a speech urging leaders to take immediate action to combat climate change and criticized their perceived inaction.

### 2. Sustainable Development:

The forum emphasized the importance of sustainable development and achieving the United Nations' Sustainable Development Goals (SDGs). Discussions centered on how businesses and governments could contribute to sustainable and inclusive economic growth.

### 3. Technological Transformation:

The impact of technology on society and the economy was a prominent theme. Discussions revolved around emerging technologies such as artificial intelligence (AI), blockchain, and 5G, and their potential implications for various sectors.

### 4. Gender Equality:

Gender equality and women's empowerment were key topics of discussion. The forum emphasized the importance of promoting gender diversity and equal opportunities in the workplace and society at large.

### 5. Geopolitical Tensions:

The forum provided a platform for leaders to address geopolitical tensions and conflicts. Discussions focused on trade disputes, international cooperation, and the impact of geopolitical risks on the global economy.

### 6. Stakeholder Capitalism:

The concept of stakeholder capitalism, which emphasizes the responsibility of businesses to consider the interests of all stakeholders, including employees, communities, and the environment, gained significant attention. The forum explored ways to promote a more inclusive and sustainable form of capitalism.

## Global economic outlook:

### 1.International Monetary Fund (IMF):


In January 2020, the IMF released its World Economic Outlook update, which revised downward its global growth projections. The IMF cited increased trade tensions, geopolitical risks, and subdued manufacturing activity as factors contributing to the slowdown. It projected global growth of 3.3% for 2020, representing a slight improvement from the previous year but lower than the earlier forecast.

2. World Bank: The World Bank's Global Economic Prospects report, released in January 2020, also revised downward its global growth forecast. The report highlighted trade tensions and weaker investment as key factors hindering economic expansion. It projected global growth of 2.5% for 2020, representing a slight improvement compared to the previous year.

3. Organization for Economic Co-operation and Development (OECD): The OECD released its interim Economic Outlook in November 2019, which provided a general outlook for the global economy. The report highlighted ongoing trade tensions as a major risk and projected modest global growth of 2.9% for 2020.

## Brexit transition period:


### 1.Continuation of EU Rules:

During the transition period, the UK continued to follow EU rules and regulations, including the single market and customs union, while no longer being a member of the EU. This allowed for a smooth and orderly transition as negotiations for a new relationship took place.

### 2. Negotiations and Trade Talks:

The transition period provided an opportunity for the UK and the EU to negotiate their future relationship, particularly with regard to trade. Talks focused on various aspects, including trade agreements, customs arrangements, fisheries, and the movement of goods, services, and people.

### 3. Extension Possibility:


The transition period was initially set to end on December 31, 2020. However, there was an option to extend it by mutual agreement between the UK and the EU. Ultimately, the UK government decided not to seek an extension, and negotiations continued within the original timeframe.

### 4. Regulatory Alignment:

As part of the transition period, the UK maintained regulatory alignment with EU rules. This alignment ensured a smooth flow of goods, services, and capital between the UK and the EU member states during the negotiations for a new trade agreement.

### 5. Legal Certainty:

The transition period provided businesses and citizens with a level of certainty as existing arrangements and regulations remained in place. It allowed time for businesses to adapt to the changing circumstances and prepare for the future relationship between the UK and the EU

## Central bank policy decisions:


1.United States Federal Reserve (Fed):


In January 2020, the Federal Reserve kept its benchmark interest rates unchanged after three rate cuts in the previous year. The decision reflected the Fed's assessment of a stable economic outlook and a desire to maintain its accommodative monetary policy stance.

2. European central Bank (ECB):

The ECB announced its strategic review in January 2020, aiming to reassess its monetary policy framework and objectives. While no immediate changes to interest rates were made, the review signaled a potential shift in the ECB's approach to inflation targeting and other policy tools.

3. Bank of England (BoE):

The BoE kept its interest rates unchanged in January 2020. However, there were discussions about the possibility of future rate cuts due to concerns over the UK's economic growth and uncertainties related to Brexit.

4. Bank of Canada (BoC):


The Bank of Canada maintained its benchmark interest rate in January 2020, as it saw signs of stabilization in the global economy. The decision reflected the bank's view that the Canadian economy was operating close to its potential.

5. Reserve Bank of Australia (RBA):


The RBA reduced its benchmark interest rate in January 2020 by 25 basis points to a record low of 0.75%. The rate cut was aimed at supporting the Australian economy amid global economic uncertainties and sluggish domestic growth.

6. Bank of Japan (BoJ):


The Bank of Japan kept its monetary policy unchanged in January 2020, maintaining its negative interest rate policy and yield curve control. The decision was driven by the BoJ's ongoing efforts to stimulate inflation and support economic growth.