

## **Business & Economics — The Impact of Covid on the Economy: Assessment in 2025**

The Covid-19 pandemic was one of the most severe economic shocks in modern history. Five years after its outbreak, it is now possible to draw a comprehensive assessment, balancing the considerable initial damage with a recovery that, while real, remains fragile and uneven across countries and sectors.

### **An Unprecedented Initial Shock**

In 2020, the pandemic triggered the worst recession since the Great Depression of the 1930s. According to the International Monetary Fund (IMF), the global economy contracted by 3.5%.

Millions of workers lost their jobs as businesses closed or scaled down their operations, while global supply chains became severely disrupted. These disruptions caused shortages of goods and sharp price increases in many markets.

### **A Real Recovery, but Lasting Consequences**

Since then, the global economy has recovered significantly. By 2025, global GDP per capita is 10% higher than in 2019, representing one of the fastest post-recession recoveries in the past sixty years.

However, this overall performance hides very uneven realities. Global growth is expected to remain around 2.8% in 2024 and 2025, a pace considered insufficient by United Nations experts, who highlight a trend toward slower growth since the pandemic.

At the corporate level, the effects are still visible. In France, for example, more than 66,000 companies went bankrupt in 2024, a record level. This surge is partly due to the gradual withdrawal of emergency support measures that had artificially kept many fragile businesses alive during the crisis.

### **Inflation: The Major Post-Covid Consequence**

One of the most persistent effects of the pandemic has been a global wave of inflation.

In France, the inflation surge that began in 2021 resulted in an overall 13% increase in consumer prices, averaging roughly 4% per year—more than double the annual pace observed since the introduction of euro banknotes and coins in 2002.

To contain inflation, central banks significantly raised their key interest rates. These rates began to decline at the end of 2024—slightly above 3% for the European Central Bank—but remain far higher than pre-2022 levels.

### **Tourism: A Spectacular Recovery**

The tourism sector, one of the hardest hit by the pandemic, has achieved a remarkable recovery.

In 2024, global tourism returned to its record level of 2019. Around 1.4 billion international tourists traveled abroad, representing an 11% increase compared with 2023.

Tourism revenues reached \$1.6 trillion, about 4% higher than before the pandemic in real terms. However, this recovery also creates new challenges. In destinations such as Spain and Japan, the concentration of visitors has led to congestion problems and rising housing prices.

### Widening Global Inequalities

The pandemic did not affect all economies equally.

Developing countries—which had weathered the 2009 financial crisis relatively well thanks to reforms implemented in the 1990s and 2000s—found themselves in a weaker position during the Covid crisis. They were burdened with unprecedented levels of debt and much larger budget deficits than in 2009.

As a result, their recovery has been slower than that of advanced economies. Global indicators of extreme poverty have even deteriorated, returning to levels seen before the pandemic.

### Digital Transformation and the World of Work

The pandemic permanently accelerated the digitalization of the global economy.

Remote work, the expansion of e-commerce, and the automation of many tasks have profoundly reshaped labor markets. While these transformations have created new opportunities, they have also widened inequalities between skilled and unskilled workers, as well as between developed and developing countries.

### Conclusion

Five years after the beginning of the pandemic, the global economy has demonstrated considerable resilience, but the scars remain visible. Governments are burdened with high levels of debt, global growth struggles to exceed 2.8%, and geopolitical tensions—particularly the wars in Ukraine and the Middle East—further complicate an already fragile recovery.

Ultimately, the Covid-19 pandemic not only triggered a major economic crisis but also exposed and intensified the structural vulnerabilities of the global economy. Building a sustainable recovery remains a long-term challenge.

Vocabulary:

**Covid-19 pandemic** – Pandémie de Covid-19

**Economic shock** – Choc économique

**Recovery** – Reprise

**Recession** – Récession

**Global economy** – Économie mondiale

**GDP (Gross Domestic Product)** – PIB (Produit Intérieur Brut)

**International Monetary Fund (IMF)** – Fonds monétaire international (FMI)

**Jobs lost / unemployment** – Perte d'emplois / chômage

**Businesses closed / bankruptcy** – Fermeture d'entreprises / faillite

**Supply chain disruptions** – Perturbations des chaînes d'approvisionnement

**Shortages** – Pénuries

**Price increases / inflation** – Augmentation des prix / inflation

**Consumer prices** – Prix à la consommation

**Interest rates** – Taux d'intérêt

**Central banks** – Banques centrales

**Tourism sector** – Secteur du tourisme

**Tourism revenues** – Recettes touristiques

**International tourists** – Touristes internationaux

**Congestion / housing prices** – Congestion / prix de l'immobilier

**Developing countries** – Pays en développement

**Advanced economies** – Économies avancées

**Debt** – Dette

**Budget deficit** – Déficit budgétaire

**Extreme poverty** – Pauvreté extrême

**Digitalization / digital transformation** – Numérisation / transformation numérique

**Remote work** – Travail à distance

**E-commerce** – Commerce en ligne

**Automation** – Automatisation

**Inequalities** – Inégalités

**Structural vulnerabilities** – Vulnérabilités structurelles