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COVID-19 and International Business

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Abstract:

Globalization has been struggling since the 2008 economic crisis. Market failures were exposed, showing that global integration benefits were not evenly distributed among all, as many researchers believed. The outbreak of COVID-19 has enhanced the challenges to globalization and the International Business field. The increased mobility in a more connected world facilitated the virus spread, requiring social distancing measures. These measures have several adverse economic, political, and social effects, such as economic downturn, global value chain disruptions, waves of nationalism, and protectionism. At the same time, new forms of international collaboration emerge through technology. This chapter discusses the main consequences of COVID-19 to the global flows of people, information, money, and products, and the relevance of distance in this new context. It also reflects on the big questions that the pandemic brought to IB research and the future of international business for both practitioners and scholars.

Keywords: **COVID-19; Pandemic; International business; Globalization**.

1. Introduction

COVID-19 pandemic is considered one of the major challenges the world has faced. The disease can be traced back to December 2019, when the first cases were reported in Wuhan, China. The World Health Organization declared a pandemic in March 2020, meaning that the disease was spreading worldwide. The pandemic effects were felt on all levels: individuals, businesses, countries, and supranational institutions have to deal with this new reality and the devastating impacts of COVID-19. The British historian Eric Hobsbawm asserted that the 19th century only ended in 1918, after World War I (Hobsbawm, 2010). Centuries do not finish according to the calendar. They end when great crises challenge consolidated truths. Following the same reasoning, another historian, Lilia Moritz Schwarcz, now proposes that the COVID-19 pandemic marks the end of the 20th century (Schwarcz, 2020). The great feature of the 20th century was technology. It was the century in which the technology has gained worldwide scale, accelerated time, broke informational barriers, and reduced geographical distance. Technology was the utopia of the century (Schwarcz, 2020). The pandemic showed us their limits, putting a real end to the 20th century in 2020. Globalization involves the movement of people, information, money, and products, and increases in the mobility of these factors of production have allowed for international business (IB) to prosper. The post World War II world order was held as international institutions, built largely with the US leadership, provided a regulatory framework for trade (e.g., WTO and UNCTAD), finance (e.g., IMF) and development (e.g., World Bank). The 21st century has also witnessed China's rise as a world power and reformer of existing institutions (e.g., UN, WHO and WTO) and a creator of new global institutions (e.g., Belt and Road Initiative). As an orchestrator of global resources, the multinational enterprises have responded to economic incentives by outsourcing production to low-cost countries (such as China), selling to high-income consumers (such as the ones in the EU) and channelling profits to low-tax territories (such as the British Virgin Islands). However, data on cross-border integration show that the world is not so connected as Thomas Friedman asserted in his book The World Is Flat. Despite the possibilities of integration created by technology, only a fraction of the people, companies, and countries' activities are indeed globally-connected. Cross-border flows are far less expressive than we imagine. For instance, financial measures of global integration show an average internationalization of only 21 percent (Ghemawat, 2011b). Moreover, considering the people-related measures such as immigrants and university students, this rate falls to 10 percent. Product-related measures as trade and FDI show an integration rate between 10 and 20 percent (Ghemawat, 2011b). Pankaj Ghemawat (2009) advised about the fragile future of globalization. Although integration reached its highest levels in recent years, this movement is historically marked by waves of growth, stagnation, and reversal. Globalization also enhances unwanted flows, such as epidemics, economic downturns, climate change, and terrorism. One consequence of the increased interconnectedness is a widespread feeling of vulnerability and insecurity, giving rise to critical reactions and anti-globalization movements. Globalization is not a unidirectional and uncontested process (Eriksen, 2014). As described by Klaus Meyer (2017), it comes and goes like a pendulum. Previous movements and consequences of globalization have begun to signal wear and tear of the integration trends. The global financial crisis of 2008 exposed market failures. When Lehman Brothers collapsed, banks and MNCs reduced their activities, and FDI and trade stagnated. Globalization made shareholders richer, but blue-collar workers in footloose industries bore some of the burdens as much of the manufacturing base moved to China. The benefits of globalization were not evenly distributed among all countries that have open their borders as many economists believed. The unevenly distribution of gains from free trade generated winners and losers between and within countries (Rodrik, 2011; Stiglitz, 2002). Social anti-globalization movements emerged, bringing together people that felt harmed by globalization effects (Meyer, 2017). A conflict began to emerge between Wall Street and Main Street leading to the likes of Occupy Wall Street movement of 2011. Some democratic countries have responded to the new challenges with populist governments, such as Boris Johnson of the UK, Donald Trump of the USA, Narendra Modi of India, Jair Bolsonaro of Brazil and Benjamin Netanyahu of Israel. These leaders oppose globalist approaches and favour nationalist policies that benefit their constituencies. In the USA, both Bernie Sanders (populist left) and Donald Trump (populist right) agree, at least in principle, on issues related to protectionism and trade. Populist democratic governments around the world (on the left and on the right) are becoming more popular among mainstream voters. The COVID-19 pandemic accelerated these trends and generated a new challenge to global integration and IB field. The globalization itself and the increased mobility facilitated the virus spread. Zimmermann, Karabulut, Bilgin and Doker (2020) showed that globalized countries received the virus faster, with higher infection rates and transmission speeds. Without a vaccine or medical treatment, social distancing measures, such as isolation, banning mass gatherings, and traveling, are the most effective way to reduce the transmission and minimize the number of deaths. Thus, social and inter-country distancing might configure an additional obstacle to globalization (Bretas & Alon, 2020; Zimmermann et al., 2020). At the same time, new forms of global collaboration might emerge, though remote work for instance. While the world might recover from the 2020 novel coronavirus, it is likely that the virus will leave the world governance system in a different state. Government oversight and control is likely to increase across in both dictatorships and democracies. Israel, for example, monitors the movement of citizens using their cells and quarantines them automatically via a phone message if they came close to an infected subject. Globalization as we knew it is over and a new world order will emerge.

2. Implications of COVID-19 pandemic

The need for prolonged social distancing and other mitigation policies have several adverse consequences, such as the rise of unemployment and economic downturns. Social distancing at the individual level affected the work and study configurations, household dynamics, health and well-being, and relationships. These changes generate new habits and behaviour patterns, for instance, increase of telework, drops in car traffic, public transport ridership, reduction in services consumption and travel demand, among others (De Vos, 2020). COVID-19 is also significantly impacting businesses. Tourism, food service, and retail are some of the sectors most affected by the pandemic. MNCs are facing supply chain breakdown, demand and supply shocks, loss of revenue and profits, and other operational problems derived from travel restrictions. According to the World Bank's report about the impact of COVID-19 on foreign investors, the pandemic has affected 80% of MNCs. The top 5000 MNCs made downward revisions of their 2020 earnings by 30% (Berta’s& Alon, 2020; Saurav, Kusek, & Kuo, 2020; UNCTAD, 2020a). Countries have established largely uncoordinated national policy responses and inter country distancing measures, as travel limitations and border closures. The crisis gave rise to conflicts between nations over pharmaceutical and medical developments. Some countries have limited the export of medical supplies. The US was accused of "modern piracy" due to the diversion of masks from Germany (BBC, 2020). France also complained about the difficulty of buying medical supplies because American buyers outbid them. At the same time, some attempts of international collaboration to develop and test vaccines and medicines were happening (Zimmermann et al., 2020). The world is seeing the rise of techno-nationalism, which includes biotechnology, in addition to usual suspects (e.g., dual-use technologies). The legitimacy of international institutions are challenged and the trust in them is eroding. One such key institution is the World Health

Organization. The Trump administration has accused the institution of mismanaging the pandemic and launched an investigation into their recommendations. In July 2020, the US formally moved to withdraw from WHO membership. Aid to Italy and Spain was shown to come from Russia and China and less from neighbouring countries, as countries in the Schengen agreement have closed borders and limited the movement of people, even within the European Union. Mateo Salvinia of Italy has lashed out at the EU for their lack of help with COVID-19 and warned that the future of the EU is at stake. China also provided aid to Serbia, filling an opening left by EU. In the EU, statistics of COVID-19 are shown at the national level and not at the EU level as national governments attempt to battle the virus. EU solidarity will come under strain even further as Hungary's and Polish governments defy some of its rules, and when costs of COVID-19 will need to be divided among its nations. The Westphalian system of the nation-state showed its primacy in the face of global adversity. In the post-COVID-19 world, forces and voices supporting nationalism and protectionism will rise, and those of unrestrained globalization will drown. 3. Impacts of COVID-19 on globalization flows Globalization comprises four main types of flows – the movement of people, information, money, and products (Ghemawat, 2009, 2011b). Cross-country differences impact these flows, facilitating or inhibiting the circulation of tangible and intangible assets between nations, markets, and companies. Due to the complexity of globalization movements, not only the physical geographic distance between countries is relevant. The CAGE distance framework, proposed by Panjak Ghemawat, disaggregate the concept of distance into four dimensions: cultural, administrative, geographic, and economical. The framework offers a broader view of distance and helps explain the patterns in the globalization flows. Cultural distance refers to values and social norms that shape the behaviour of individuals (Ghemawat, 2011a, 2011b; Hofstede, 1980). For instance, countries might differ in social attitudes towards globalization. Administrative distance encompasses historical, political, and institutional relationships between countries, such as colonial relationships, trade agreements, and currency. The geographic distance considers how far countries are from each other and aspects such as borders sharing, size, and time zone. Finally, economic distance involves differences in wealth and income, availability of resources, infrastructure, organizational capabilities, among others (Ghemawat, 2001, 2011b). Differences in these dimensions can encourage or discourage cross-border interactions. The pandemic affected the CAGE-related barriers that limit cross-border integration. It also accelerated some trends towards virtual integration, which might reduce some of these distances. This section discusses the main consequences of COVID-19 to each of these flows and the relevance of distance dimensions in this new context. 3.1 People The COVID-19 crisis has an enormous impact on people's mobility. According to the International Organization for Migration (IOM), travel restrictions substantially increased in response to the pandemic. On 10 March 2020, there were 5,430 restrictions imposed by 105 countries. By 23 March, the figures rose to 33,712 restrictions imposed by 164 countries (CCSA, 2020). The World Tourism Organization - UNWTO, a United Nations agency that promotes tourism, predicts that international arrivals in 2020 will decrease by 60 to 80 percent with respect to 2019 (UNWTO, 2020). The International Civil Aviation Organization (ICAO) verified that, in April 2020, the air traffic fell drastically to nearly zero. The number of passengers dropped by 56% in the first half of 2020, compared to 2019. What prevents the total collapse of air freight traffic is the demand for medical supplies and essential goods (ICAO, 2020). IOM predicts that, even after removing the restrictions, it is unlikely that there will be a return to the pre-pandemic levels of human mobility. The longer the restrictions on the movement of people persist, the bigger the impact it will have on persistent behaviors, both at the personal and at the firm levels. Even after some regions or countries will be open for business (internally), restrictions on international movement will persist. Adverse effects will continue to be observed on migration, tourism, and business travel flows. One major concern of our century is the migration movement of people displaced by conflict, violence, and poor living conditions. According to IOM, there are 272 million international migrants worldwide. Syria, Colombia, Congo, Somalia, and Afghanistan are the countries with the largest number of displaced people. Due to the pandemic crisis, most of the migration offices were closed, increasing the number of applications backlogs. OECD estimates, based on previous economic crises, that the COVID-19 pandemic will have long-lasting adverse effects on the integration of immigrants since countries might use the health crisis as an excuse for the establishment of anti-migration policies. For tourism, this is an unprecedented crisis. It was the first and one of the most negatively affected sectors. At the end of April 2020, UNWTO verified that 100 percent of tourism destinations applied some type of restriction. Almost half (45 percent) of the countries have totally or partially closed their borders for tourists. The drop in the demand in the period of January to June of 2020 represented a loss of 440 million international arrivals and US$ 460 billion in export revenues. Figure 1 shows the international tourist arrivals in January-June of 2020 compared to 2019.

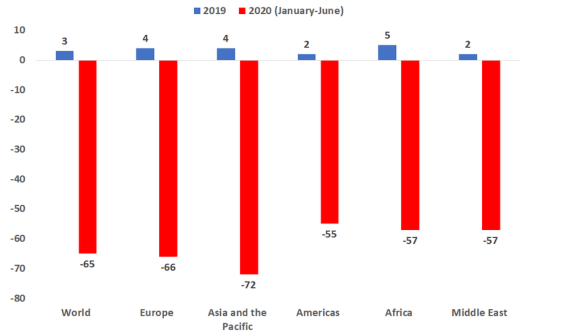

Figure 1: International tourist arrivals (% change) Source: World Tourism Organization (UNWTO)

According to a report by the World Travel and Tourism Council (WTTC, 2020), COVID-19 is transforming travel behaviour. Domestic and regional destinations are the main options in the short-term. Almost 58% of travellers will prioritize domestic trips for the rest of 2020. Outdoor destinations are the main alternatives in these times. UNWTO proposed different recovery scenarios for international travel, according to when international borders' gradual opening and easing of travel restrictions start. Considering the gradual opening in early September, they estimate the recovery at the end of 2023. With the opening in early December, they estimate the recovery at the end of 2024. Figure 2 shows the evolution of international tourism receipts since 2000. The loss due to COVID-19 is almost five times what was observed in the 2008 global economic crisis. The hotel industry also registered record lows in the period.

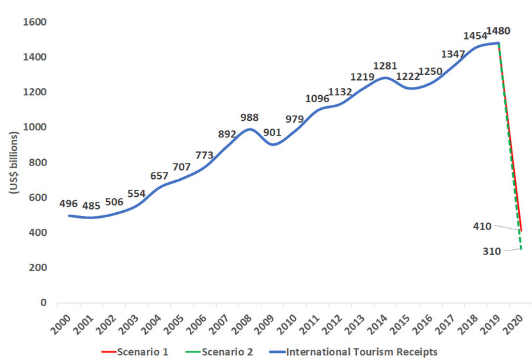

Figure 2: International tourism receipts (US$ billion) Source: World Tourism Organization (UNWTO)

In business, people travel because they need to transfer skills and know-how and face to-face and personal interaction was deemed crucial. According to JP Morgan, air travel alone is more than 30 per cent of MNCs budgets. COVID-19 will allow MNCs to test the cost-benefit of travel and entertainment expenses. Virtual meetings have prompted the debate of whether face-to-face meetings were needed to do business. Technological solutions can now be tested, out of necessity, and some will remain with us for a long time. Zoom's stock prices, along with other communication and technology solution companies, skyrocketed in the immediate aftermath of the crisis. In early April, Microsoft Teams registered 2.7 billion meeting minutes in one day, a 200 percent increase from 900 million reported in March. In the post-COVID-19 world, we will see a rise in global virtual teams organized around different technological solutions, including eventually augmented and virtual realities. Travels will become more localized and regional in the short-term. The anti-migration movements might gain more space. 3.2 Information comes in the forms of ideas, data, technology, and know-how. The transfer of information is among the most fluid, enabled by technology and advanced communications. Explicit, free information is generally available through internet channels, while tacit knowledge transfer is usually done through intranet channels and movement of people. Since the beginning of the pandemic, the demand for broadband communication services has had an intense growth. The consumption increased by 47% in the first quarter of 2020 (Open Vault, 2020). In OECD countries, some fixed and mobile operators experienced an increase of around 60 percent in Internet traffic compared to the period before the crisis. People are seeking new ways to connect to obtain and exchange information due to mobility restrictions. The average daily traffic of entertainment, work, and study-related websites and apps have shown growth since the beginning of the pandemic. According to the Kantar COVID-19 Barometer, WhatsApp has increased by 40 percent in usage, and Facebook 37 percent. China has shown an increase of 58% in their local social media apps, as WeChat. As a consequence of the increase in internet usage, digital security risks such as coronavirus-related scams and phishing campaigns also grew. Despite the intense growth of communication and internet devices usage, COVID-19 has alerted us to the fact that information is not readily available where governments put restrictions on free media, freedom of speech, and internet access. China and Iran are two such places. Lack of proper information about COVID-19 has increased suspicion in these countries statistics, whether they are health, policy or economics related. While democratic and open societies communicate available information, authoritarian ones hide, manipulate and control information, creating asymmetry in information flows. COVID-19 will likely reduce trust in information coming out of authoritarian regimes (Alon & Li, 2020), and broaden the gap between these types of societies, most notably, freedom of information, knowledge development, and common interpretations of events. 3.3 Money Even before COVID-19, money has become increasingly paperless. COVID-19 will accelerate the use of virtual money. This trend will benefit MNCs such as Alibaba, Tencent, Apple, Visa and Master Card. Mobile wallets as Alipay and WeChat Pay, which connect bank cards to smartphone apps, have already reached a considerable mass of consumers, including rural areas (Aveni & Roest, 2017). Innovations in digital money, such as Bitcoin and Facebook Libra, will also increase the fluidity of money across borders. Other specialized companies, such as TransferWise, dramatically reduce international transaction costs by matching buyers and sellers of currencies and sidestepping the international banking settling mechanisms. Countries will find it harder to control the value of their currencies through capital controls. Soft currencies are particularly vulnerable to sharp fluctuations. COVID-19 economic hardships will necessitate quantitative easing and fiscal loosening that many countries cannot afford. Sovereign debt crises might follow as a result. While the Chinese RMB is trying to internationalize and supplant the US dollar, trust in the regime and capital controls are formidable to easily overcome. The post-COVID-19 world will see increasing value fluctuation, virtualization and internationalization of capital. Global money also includes investment by MNCs in fixed, tangible and intangible assets. Following COVID-19, due to a recession, investment flows are likely to slow. UNCTAD estimates significant reductions in cross border investment flows as a result of the pandemic. The forecast for foreign direct investment flows points to a fall of 40 percent in 2020, compared with the 2019 value of $1.5 trillion (UNCTAD, 2020c). If the previsions are right, FDI can reach an amount below $1 trillion for the first time since 2005. This fall is expected to be worse than the one observed after the global financial crisis of 2008. Figure 3 shows the evolution of FDI inflows since 2015 and forecast for 2020-2021.

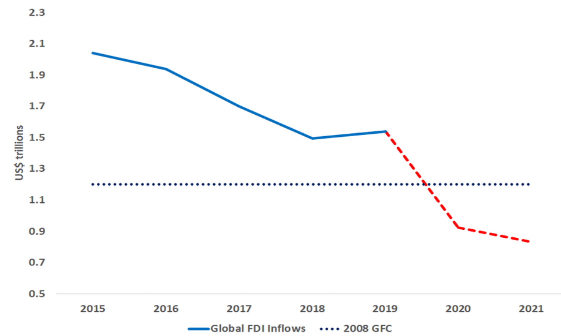

Figure 3: Global FDI inflows, 2015–2019 and 2020–2021 forecast (US$ trillion) Source: UNCTAD

World Investment Report 2020

Portfolio investments have reacted earlier and had an even more intense shock from COVID-19 than FDI, due to their liquidity. Countries in weaker economic situations, such as developing and emerging markets, had massive outflows of portfolio investments. According to the International Monetary Fund, an amount of US$ 83 billion of capital outflowed from emerging markets. This is the largest outflow registered by the institution, including the 2008 global financial crisis. The Institute of International Finance (IIF) estimates an outflow of US$ 103 billion from emerging economies between mid-January and mid-May 2020. Figure 4 shows the comparison between portfolio flows to emerging markets during COVID-19 pandemic and the 2008 global crisis.

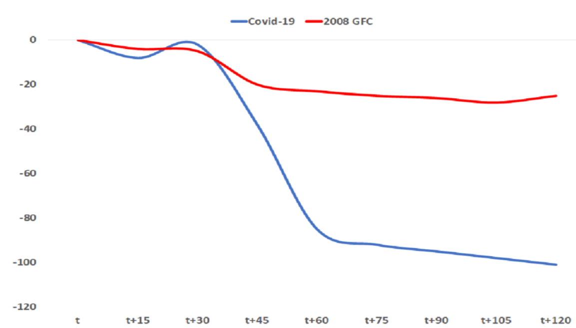

Figure 4: Portfolio flows to emerging economies Source: OCDE / Jonathan Fortum, Daily capital flows tracker Note: Cumulative non-resident portfolio flows to EMEs since event start date (t for GFC is 9/8/2008 and for COVID-19 is 1/21/2020).

IMF is providing financial assistance and debt relief to help countries cope with COVID-19 impacts. The total value of financial aid available for 81 countries is over 100 billion US$. Countries from the Western Hemisphere, mainly Central and South America, received 63 percent of this amount. Sub-Saharan Africa received 16 percent, and the Middle East and Central Asia had access to 14 percent. Europe and Asia and

Pacific were the destinations of 8 percent of the resources. With some emerging markets having difficulty serving their dollar-denominated loans, currency crises may strongly impact net present value (NPV) calculations. According to OECD (2020), the major emerging economies suffered a drop in exchange rates. Brazilian real (BRL), Mexican peso (MXN), South African rand (ZAR), Russian rouble (RUB), Indonesian rupiah (IDR), and the Turkish lira (TRY) dropped substantially (against the dollar), while some the developed economies currencies have strengthened (e.g., Euro, Shekel). Currency-based measures became a priority in emerging markets' policies, such as differentiated reserve requirements and liquidity ratios. Further, MNCs will invest where they sell, in China for China, in the USA for North America, etc. This will lead to greater regionalization of MNCs investment flows, as predicted by Rugman and Oh (2008). 3.4 Products and services will follow similar patterns as investments. Since the 2008 economic crisis, global trade has been struggling. Between 1990 and 2007, the volume of trade in goods grew at an average of 6.2% per year (ECLAC, 2020). Between 2012 and 2019, it grew only 2.3% per year. In the second quarter of 2020, global trade of goods decreased by 18.5 percent, compared to the same period in 2019. The global trade of services had a reduction of 10.4 percent. The most affected countries and regions in terms of exports decrease were the United States, Japan, the European Union, and Latin America. The Chinese economic downturn was smaller than the global average because of their relatively fast reopening (ECLAC, 2020). Figure 5 shows the variation in the volume of global trade in goods from December 2019 to May 2020.

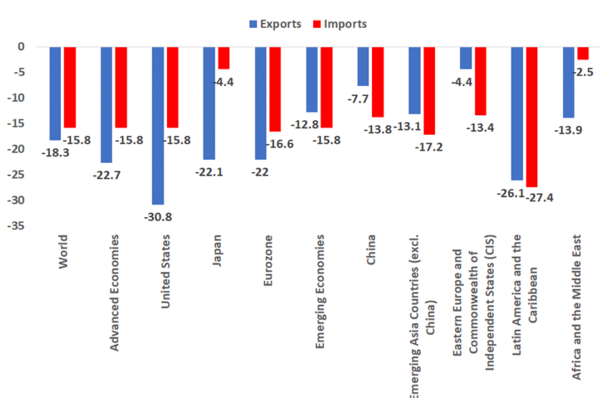

Figure 5: Change in volume of global trade in goods (December 2019-May 2020) Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on Netherlands Bureau of Economic Policy Analysis (CPB) – World Trade Monitor

The pandemic exacerbated the situation, triggering disruptions in global supply chains' manufacturing networks and international transport. Essential production parts were missing, with impacts on countries up and down the global value chains. Countries started to apply export restrictions in order to mitigate shortages in the domestic market. According to the World Trade Organization - WTO, by May 2020, 85 countries had introduced export prohibitions and restrictions due to the COVID-19 pandemic (76 members and nine nonWTO members). Several restrictions to the export of COVID-19 related products were imposed, such as personal protection equipment, sanitizers, and pharmaceuticals. As China is the world's leading exporter of parts and components (in 2018, they accounted for 15% of global shipments), factories worldwide were forced to stop their activities for weeks during the pandemic as they had no alternative suppliers. Exports from China decreased to all regions across the world. Consequently, MNCs will shorten the supply chains, focus on serving local customers with local manufacturing and diversify from China-only sourcing. International outsourcing will be reconsidered to avoid future supply bottlenecks. The net beneficiaries are labour and governments in high-income countries, and the biggest loser might be China, which previously occupied 'workshop of the world' title championship. COVID-19 exacerbates the already tense relations between Washington and Beijing. Trade between the US and China was already in decline due to commercial disputes. In 2018, the USA initiated a trade war against China by imposing taxes and raising tariffs on China imports. China responded, raising tariffs on American imported goods. Now we are witnessing a new cold war, centered on technology domination and soft power influence. As the Group of two, other countries might have to choose between the two, for example, for aid, policy or 5G network development. The world order will seem increasingly bifurcated. COVID-19 is accelerating the divorce between the USA and China, decoupling some industries and forcing others to choose a side. Policy response to COVID-19 may be powerful. New industries might be labelled as 'strategic' with greater government regulatory burden. The following industries are likely to be added to the list of a sensitive and national security risk (beyond the already sensitive dual technology—military and civilian—sectors): food, medicine, energy and oil, technology and telecommunications (especially 5G). For these industries, in particular, supply chains will shorten and nationalize further. Decisions about production locations will consider more than only observable economic factors. COVID-19 will force some industries to localize the supply chain and nationalize their production and sale. 3.5 Dimensions of distance after COVID-19 In the post COVID-19 world, some of the distance-related barriers to global integration will become more significant. At the same time, the acceleration of digitalization due to mobility restrictions might enhance integration at some levels and diminish the distances. Concerning the cultural distance dimension, the pandemic is changing the social interaction norms. New protocols and restrictions will affect the way people interact. Virtual tools and technologies will redefine human interaction. The acceleration of digitalization and the expansion of remote work make globalization more popular, boosting international collaboration (Bischof, 2020). On the other side, anti-migration movements might gain force (Chough, 2020). Based on individual health security arguments, the opposition rhetoric against immigrants can have long-term implications for social cohesion and inclusion. Discrimination and stigmatization might lead to an increase in xenophobia. The growth of nationalism will also impact decision-making related to money and product flows. Regarding the administrative distance dimension, government policies toward isolation and closure may become more common, such as official anti-migration measures and restrictions on free media and freedom of speech. Brazil is one example of the deterioration of press freedom. The country slipped two places in the 2020 World Press Freedom Index. Attacks on the media intensify after president Bolsonaro's election. Besides, the weakening of trade blocks and shared monetary associations will strengthen protectionism initiatives. Previous evidence showed that countries sharing membership in a trade block, such as EU and NAFTA, trade 47 percent more than other similar countries that do not count on shared membership. A common currency (like the euro) increases trade by 114 percent (Ghemawat, 2011b). The world post COVID-19 will see a change in this scenario. Mobility restrictions will change the meaning of geographic distance. The crisis intensified already-existing trends related to digitalization, technological solutions, and communication tools. New forms of international transactions with reduced costs and digital money will become even more relevant. Nevertheless, the global supply chain ruptures lead the way to the regionalization of trade and investments, enhanced by nationalists and protectionist initiatives. One of the most noticeable consequences of the pandemic is the intensification of economic distance among countries. Its devastating effects are even worse in developing countries. The need for prolonged social distancing and other mitigation policies increased unemployment and economic downturns. Moreover, most developing economies depend on exports global markets. They will be strongly affected by the contraction of international trade, currency devaluations, the fall of commodity prices, and the global supply chain ruptures. The United Nations Conference on Trade and Development (UNCTAD, 2020b) projects that developing countries will lose $800 billion in export revenue in 2020 (excluding China). The developing economies are more vulnerable to economic crises and face more significant social risks (Berta's& Alon, 2020; Serco&Galette, 2020). Since inequality in terms of informational and technological resources is high, access restrictions will enhance the distance between countries. According to UNESCO, globally, 55 percent of households have an internet connection. In developed countries, this rate is 87 percent. In developing economies, 47 percent are connected, and in the least developed countries, only 19 percent. 3.7 billion people have no internet access in total, especially where the need for information is more urgent. One example of this enormous disparity is internet access in sub-Saharan Africa. In the region, one gigabyte of data costs almost 40 percent of the average monthly wage. This is enough to stream a standard-definition film for one hour* . Teleworking is widening income inequality worldwide. Among the workers of 35 countries, 100 million of them have jobs that require personal interaction or do not have internet access. In most emerging and developing countries, more than half of the households do not have a computer (Brassica, Dabble-Norris, & Khalid, 2020).

Cultural Distance	**Administrative Distance**	**Geographic distance**	**Economic Distance**
Changes in social interaction norms	Political hostility		Increase of inequality
Anti-migration movements	Anti-migration policies	Mobility restrictions	Unemployment and increase of social risks
Acceleration of digitalization trends	Government restrictions on free media and freedom of speech	New technological solutions and communication links	Inequality on technology and internet access
Teleworking culture			

Increase of nationalisms	Weakness of shared monetary or institutional associations	New forms of international transactions with reduced costs	Currency devaluations and investment outflows from countries in weaker economic situations
		Digital money	Inequality on the access of digital payment/transaction tools
Increase of nationalisms	Weakness of trade blocks	Regionalization of trade and investments	Increase of protectionism
		Global supply chain ruptures	Contraction of international trade

Table 1: COVID-19 impacts on globalization flows in each dimension distance

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