Turning the COVID-19 Pandemic Crisis into Collective SDG Actions in North-East Asia

(Draft report for discussion)
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Executive Summary

North-East Asia is the first region hit by the outbreak of COVID-19. It started as a health emergency and soon evolved into a human and socio-economic crisis with tremendous impact on the subregion. While the COVID-19 pandemic has threatened to reverse years of hard-won development gains, it makes the Decade of Action for accelerating the implementation of the Sustainable Development Goals (SDGs) more urgent and necessary.

Compared to other subregions in Asia and the Pacific, North-East Asia is relatively well prepared for crises like COVID-19, in terms of health system, access to basic services and connectivity. More importantly, countries in the subregion have responded promptly to the outbreak of COVID-19 with various measures. As of end-October 2020, the subregion has reported significantly fewer confirmed COVID-19 cases and related deaths than the global average on a per capita basis. Nonetheless, the pandemic is far from over and countries must stay vigilant to further health crisis.

Beneath the overall number of confirmed COVID-19 cases and related deaths, the pandemic and the necessary containment measures have caused sharp decline in economic activity, widespread loss of jobs and livelihoods, as well as disruptions of basic services such as healthcare and education, directly retarding the progress of SDGs 1 (no poverty), 2 (zero hunger), 3 (good health and well-being), 4 (education) and 8 (decent work and economic growth). In addition, given the disproportionate impact of COVID-19 on vulnerable populations (e.g., children, women, older persons, persons with disabilities, migrants and refugees), the pandemic has exacerbated inequalities in human development, thereby regressing the already slow progress in SDGs 5 (gender equality) and 10 (reduced inequalities) in the subregion.

Countries have been trying to strike the right balance between public safety and economic recovery. With targeted stimulus packages, the immediate socio-economic impacts are largely contained and there are signs of gradual economic recovery. The recovery path remains bumpy and uncertain, depending on the course of the virus. The only certain thing is that no one is safe until everyone is safe.

In a highly interconnected world where disease can be spread around the globe easily, no country can combat disease alone. While countries are recommended to increase investment to close specific gap of their health systems, regional cooperation is essential to ensure effective management of public health emergency. In this regard, ESCAP’s regional and subregional cooperation mechanism could be scaled up to strengthen health emergency preparedness and response (e.g., establishment of a public health emergency fund).

Moreover, the pandemic has amplified the need to address disruptions in supply chains. The success in further supporting safe and resilient transport and trade connectivity lies in strengthening the coordinated approach between the two sectors. While North-East Asian countries have achieved significant progress in trade and transport facilitation, strengthening coordination across countries (e.g., in terms of enhancing legal regime, developing technological
and operational solutions, and establishing interoperability and data exchange between the information systems) could further benefit the subregion.

In addition, as highlighted in the global and regional discussions on building back better, the world is in urgent need of a common vision and action plan for leveraging technology in the fight against COVID-19, while ensuring a transformational and green recovery. The common interest of leveraging technology for sustainable development, along with the remarkable progress in SDG 9 (industry, innovation and infrastructure) of the subregion, offers a solid foundation for cooperation, including joint scientific research, technology transfer, and sharing knowledge and good practices. It is also important to ensure inclusive access to technology and bridge the digital divide.

On green recovery, countries are recommended to step up efforts to protect the environment and accelerate decarbonization, aligning national environmental and climate objectives with the stimulus measures. The Green New Deal of the Republic of Korea is a good example which supports economic recovery and at the same time accelerates the transformation from a carbon-dependent economy to a low-carbon economy. Meanwhile, regional cooperation and policy coordination are essential to tackle transboundary risks and strengthen environmental resilience, especially given the stagnant progress across SDGs 12 to 16 in North-East Asia. In the subregion, the North-East Asian Subregional Programme for Environmental Cooperation (NEASPEC) is an asset to be leveraged to solidify the institutional arrangements of subregional environmental cooperation.

The pandemic crisis should not be wasted but taken as an opportunity to reorient the development approach and accelerate progress towards the 2030 Agenda. Going back to the status quo ante will only lead to another devastating hit from the next crisis. A transformative recovery from COVID-19 should be pursued to reduce risks from future potential crises and deliver the SDGs during the Decade of Action through collective actions.
1. Introduction

The COVID-19 pandemic has brought unprecedented challenges to the world. It is far more than a health crisis but is affecting societies and economies at their core. The impact of COVID-19 on North-East Asia is tremendous due to the concentration of economic activities and demographics. While the pandemic has impeded the progress in many of the Sustainable Development Goals (SDGs) and even reversed some of the hard-won achievements, strong, coordinated and inclusive regional and international responses are needed to deliver on the Decade of Action as well as improve preparedness for public health emergency.

It is important to understand the socio-economic impact of COVID-19 on different sectors and vulnerable populations. In addition, the crisis has revealed challenges, such as supply chain disruptions on the economic front and increase in inequalities on the social front, which require further attention.

In response to the COVID-19 pandemic, governments in the subregion have undertaken numerous policy measures to contain the spread of the virus and address the mounting socio-economic challenges and impacts of the crisis. While governments have taken different approaches in dealing with COVID-19, there is opportunity to strengthen coordination on policies of mutual interest.

In line with the ESCAP Framework on Socio-Economic Response to COVID-19, this paper explores the potential role of subregional cooperation in dealing with the COVID-19 pandemic and identifies priority areas for stronger collaboration, thereby supporting countries to advance sustainable recovery from the crisis. As demonstrated by the collective endorsement of Resolution 76/2 on regional cooperation to address the socioeconomic effects of pandemics and crises in Asia and the Pacific, all ESCAP member States emphasize that recovery from the COVID-19 crisis provides an opportunity to build back better and reiterate the importance of multilateralism and international cooperation.

With appropriate policy in place, the COVID-19 pandemic can be taken as an opportunity to reorient the development approach and accelerate progress towards the 2030 Agenda. The policy responses to COVID-19 should address existing development challenges while drive the transition to more equal, sustainable, and resilient societies through domestic and global partnerships.

The paper is organized as follows: Session 2 discusses the SDG progress and the preparedness of North-East Asian countries for handling the COVID-19 pandemic. Session 3 analyzes the socio-economic impact of COVID-19 on the subregion. Session 4 highlights the priorities and approaches of national responses to COVID-19. Session 5 concludes with recommendations on stronger subregional cooperation, with the aim of supporting member States to build back better.
2. North-East Asia’s SDG Progress and Preparedness for COVID-19

North-East Asia is the first region that was hit by the outbreak of COVID-19. It soon developed into a public health crisis and inflicted significant socio-economic impact on the subregion. The COVID-19 pandemic has threatened to reverse years of hard-won development gains, and casted a heavy shadow over the delivery of the 2030 Agenda.

Before the emergence of COVID-19, the subregion has made remarkable progress on SDGs 1 to 4 and 6 to 9 (Figure 1). The COVID-19 pandemic retarded these progresses given its immediate impacts on SDGs 1 (no poverty), 2 (zero hunger), 3 (good health and well-being), 4 (education) and 8 (decent work and economic growth). Moreover, in view of the disproportionate effect on vulnerable populations, the pandemic is likely to regress the already slow progress in SDGs 5 (gender equality) and 10 (reduced inequalities). On a more positive note, as economic activities slow down, the planet is gaining breathing space, promoting progress in SDGs 13 to 15. Note that air pollution and the emission of greenhouse gases will likely rebound and may eventually reach higher levels than before following economic recovery and the re-stock of missed-out supplies.

Figure 1: SDG Progress in North-East Asia, 2019

Note: Russian Federation is included in the analysis.
Source: Asia-Pacific SDG Gateway (2020).
As reflected by the notable progress in SDGs 6 and 9, the subregion has good access to basic services (e.g., water and sanitation) and solid infrastructure, and is thus well prepared for crises like the COVID-19 pandemic. Table 1 presents various indicators of preparedness in terms of the health system, access to basic services and connectivity for North-East Asian countries. Countries in the subregion generally have higher level of preparedness compared to the global average. Specifically, the heat map below highlights a relatively strong health system in the subregion except China. In terms of the access to basic services, most countries, other than Mongolia, have done well to provide basic sanitation services and electricity. These facilitate containment measures and other policy responses to the pandemic. The subregion also has good connectivity especially mobile phone subscription, which enables effective information dissemination and contact tracing.

Table 1: Level of Preparedness in North-East Asia to COVID-19

<table>
<thead>
<tr>
<th>Low to High</th>
<th>Health System</th>
<th>Access to Basic Services</th>
<th>Connectivity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Physicians</td>
<td>Hospital beds</td>
<td>Government health expenditure</td>
</tr>
<tr>
<td>China</td>
<td>18</td>
<td>42</td>
<td>5</td>
</tr>
<tr>
<td>DPRK</td>
<td>37</td>
<td>132</td>
<td>-</td>
</tr>
<tr>
<td>Japan</td>
<td>24</td>
<td>134</td>
<td>11</td>
</tr>
<tr>
<td>Mongolia</td>
<td>29</td>
<td>70</td>
<td>4</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>24</td>
<td>115</td>
<td>7</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>40</td>
<td>82</td>
<td>5</td>
</tr>
<tr>
<td>World</td>
<td>15</td>
<td>28</td>
<td>10</td>
</tr>
</tbody>
</table>

Note: Recent figures suggest higher mobile phone subscription in DPRK, with 56% and 48% of men and women aged 15 to 49 subscribed to mobile phone respectively.

Source: UNDP (2019).

Another important aspect of preparedness to COVID-19 is fiscal space. Most countries in the subregion have relatively low levels of fiscal deficit and government debt (as a share of GDP). This provides room for expanded fiscal spending (Figure 2). The policy space for fiscal stimulus helps cushion the adverse socio-economic impacts brought by the pandemic and enables faster recovery from the crisis.

Figure 2: Fiscal Balance and Government Gross Debt as a Share of GDP, 2019

Source: IMF (2020a and 2020b).
Countries in the subregion have responded promptly to the outbreak of COVID-19. This is indicated by the sharp increase in the government response index (Figure 3). The index tracks policy measures across 13 indicators, covering containment and closure policies, economic policies and health system policies, thereby providing a comprehensive picture of government response to COVID-19. Figure 4 further shows some of the measures taken to contain the virus in North-East Asia.

Figure 3: Government response index

![Government response index graph]


Figure 4: Measures to contain COVID-19 in North-East Asia

- Contact tracing
- Mass testing
- Declared state of emergency
- Declared lockdown
- Declared curfew
- Border closure
- Port screening
- Travel bans
- Social distancing
- School closure
- Closure of public space
- Punishment on violation of isolation orders

Source: UNESCAP (2020a) based on information available up to 31 August from IMF Policy Responses to COVID-19 and various national sources and news.
The containment measures are necessary to protect human lives and prevent further spread of the virus, yet they also result in sharp decline in economic activity, causing widespread loss of jobs and livelihoods, as well as disruptions of basic services such as healthcare and education. While Figure 5 indicates the adverse impact of the COVID-19 pandemic on the SDGs (UNSDG, 2020a), the following section will highlight some of the most significant socio-economic impacts in the subregion.

Figure 5: Impact of the COVID-19 Pandemic on the SDGs
3. Socio-economic Impact of COVID-19 on North-East Asia

Health crisis

Health systems are being overwhelmed by the COVID-19 outbreak. As of 22 October 2020, the virus has infected more than forty-one million people, with more than one million deaths across the world. The pandemic has caused disruptions to health services which may lead to the collapse of the health system.

Suppressing the transmission of the virus is the most effective way to save lives and protect the global economy, and thus should be the highest priority for all country. In this regard, countries in the subregion have acted decisively through various measures, including testing, contact tracing, quarantines, and lockdowns.

The Chinese government has enforced strict prevention and control measures to contain the spread of the virus, including case isolation, suspension of public gatherings, city lockdown, border control, and localized movements restrictions. The strategy that promotes universal temperature monitoring, masking, and hand washing was also adopted. As the outbreak evolved and knowledge was gained, specific containment measures were adjusted to the provincial, county and even community context.

During the early stage of the outbreak, the Democratic People's Republic of Korea (DPRK) has announced closure of border. Foreign tourists were banned and all flights in and out of the country were halted.

In Mongolia, citizens were prohibited to travel to the countries affected by the outbreak and any travelers from there were subject to quarantine for three weeks in government facility followed by two weeks of self-isolation. To prevent community transmission, other epidemic control measures were taken, including physical distancing, closure of schools, and cancellation of public activities.

In Japan, the cluster-based approach which ascertains the origin of the cluster of infections effectively prevented large-scale spread of infection caused by a chain of clusters of patients. High-risk places (i.e., closed spaces, crowded places, and close-contact settings) were identified through epidemiological investigation and the public was asked to avoid visiting these places.

Experiences of the Republic of Korea (ROK) show that early implementation of nationwide massive testing is key to the containment of COVID-19. Also, rigorous epidemiological investigations enable the tracing of people in contact with confirmed patients. The close contacts receive diagnostic test and are put under self-quarantine to prevent the spread of the virus (The Government of the Republic of Korea, 2020a).

In Russian Federation, early prevention measures included restricting the border and extensive testing. Additional measures were taken in view of the spread of inflection, such as closure of the border, national non-working period, and lockdowns.
With the effective containment measures, the subregion has reported significantly fewer confirmed COVID-19 cases and related deaths than the global average on a per capita basis, except for Russian Federation, the largest country which spans Asia and Europe (Figure 6). As of 22 October 2020, Mongolia had recorded zero fatalities.¹

Figure 6: Number of confirmed cases and related death per 1,000 population

Note: Data as of 22 October 2020.

Nonetheless, the pandemic has not yet stabilized. There has been a second wave of COVID-19 in both Japan and the Republic of Korea in August 2020. As of 22 October 2020, there are around 16,000 new confirmed cases in Russian Federation every day (Figure 7). No one is safe until everyone is safe.

Figure 7: Number of new confirmed cases of COVID-19

Note: Data as of 22 October 2020.

¹ There has been no confirmed cases of community transmission in Mongolia.
Beneath the overall number of confirmed COVID-19 cases and related deaths, the pandemic has exposed the challenges faced by vulnerable populations. Frontline healthcare workers and caregivers, especially those without adequate protective equipment, are particularly at high risk of infection. Specifically, women make up 70% of the health workforce globally and are more likely to be frontline health workers, and thus have a greater risk of exposure to the virus (UNSDG, 2020b). Meanwhile, the health of women and girls is adversely impacted as they are less likely to have access to quality health services due to gender discrimination and secondary roles of women within the household.

Older persons, persons with disabilities, and people with underlying medical conditions are more susceptible and vulnerable to the virus, with higher risk of serious illness and death from the COVID-19 disease (UNSDG, 2020c). For example, in ROK, as of 22 October 2020, the fatality rate of persons aged 40-49 is around 0.12% and it increases to 1.23% for persons aged 60-69 and jumps to 21.16% for those aged 80 and above (KCDA, 2020). The situation is particularly noteworthy in the subregion as it is home to around one third of all older persons aged 65 and above in the world (UNDESA, 2019). The immense pressure on the healthcare system from the 250 million older persons in the subregion warrants special attention. Apart from the immediate impact on physical health, the pandemic also affects their psychosocial well-being especially given the lack of support due to social distancing and isolation measures (UNSDG, 2020d).

Moreover, people who lack access to health services and are left out of formal policy are particularly vulnerable to the pandemic (e.g., migrants, refugees, people in detention or other institutions). They are often exposed to the virus with limited tools to protect themselves and have compromised access to health services due to legal, language or other barriers. The lack of access to other basic services, such as water and sanitation, further put them into higher risk of infection (UNSDG, 2020e).

Children have been largely spared from the direct health effects of COVID-19, yet the crisis has a notable indirect effect on their well-being. Given the overwhelmed healthcare system, children and pregnant women are less able to access standard care, such as maternal and newborn care as well as immunization services. Economic hardship experienced by families may force poor families to cut back on essential health and food expenditures, posing threat to children’s long-term health development, especially for children with single parent. In addition, school closures due to the containment measures have a direct impact on child health and well-being. Many children rely on school meals for a reliable source of daily nutrition (UNSDG, 2020f). Meanwhile, school is not only an educational institute, but an important social venue for emotional support and interaction with peers (UNSDG, 2020g).

Among various barriers in accessing quality healthcare during this difficult time when vulnerable populations are at most need of care and support, discrimination in the provision of services aggravates their vulnerabilities (UNSDG, 2020h). In fact, the disruptions of healthcare services

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2 When measured by relative poverty, over 50% of children with single parent are in poverty in Japan and Republic of Korea, 42% in China and 35% in Russian Federation (OECD, 2020a).
3 Globally, over 365 million primary school children are missing out of school meals and the loss of school meals for poor households have a negative impact on income and food security (UNESCO, 2020).
and social isolation brought by the COVID-19 pandemic may have greater secondary impacts to health and well-being than the virus itself.

In short, the pandemic has a significant direct impact on SDG 3 (good health and well-being). Given the relatively well health emergency preparedness and swift government responses, the subregion has managed this health crisis in an effective and timely manner. To address the indirect impact and the disproportionate effect of COVID-19 on vulnerable populations, radical and positive action is needed to turn the tide on inequality, especially given the already slow progress in SDGs 5 (gender equality) and 10 (reduced inequalities) in the subregion.

**Plunge in economic activities**

The pandemic and the related containment measures (e.g., quarantines, travel restrictions, lockdown) have caused a significant reduction in demand and supply to the global economy, resulting in an unprecedented plunge in economic activities. While the crisis has brought about the most immediate impact on SDG 8 (decent work and economic growth), it also has negative spillover effects on other areas, such as SDGs 1 (no poverty), 2 (zero hunger), 5 (gender equality) and 10 (reduced inequalities).

According to UNESCAP’s forecast, Asia and the Pacific is expected to witness its deepest economic slowdown since the 1970s, with a 2.8% contraction in 2020. A comparison of the growth estimates before and after the outbreak of COVID-19 indicates a substantial drop of GDP growth projection of more than 6 percentage points in the region. As for North-East Asia, the downgrade of GDP growth in 2020 is around 5 percentage points, lower than other subregions, thanks to expected faster economy recovery in China (UNESCAP, 2020b).

A closer look at the national level shows that Mongolia, Japan and Russian Federation had experienced a significant contraction in GDP in the first half of 2020, whereas Republic of Korea and China had relatively moderate economic slowdown. In fact, China’s economy has already returned to growth in the second quarter of 2020, up by 3.2% year-on-year. A strong economic rebound is forecasted in 2021, yet the recovery path remains bumpy and uncertain, largely depends on the course of the virus (Table 2).

<table>
<thead>
<tr>
<th>Real GDP growth (%)</th>
<th>2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>2020*</th>
<th>2021*</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>6.1</td>
<td>-6.8</td>
<td>3.2</td>
<td>1.9</td>
<td>8.2</td>
</tr>
<tr>
<td>Japan</td>
<td>0.7</td>
<td>-1.8</td>
<td>-9.9</td>
<td>-5.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Mongolia</td>
<td>5.1</td>
<td>-10.7</td>
<td>-9.7</td>
<td>-2.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>2.0</td>
<td>1.4</td>
<td>-2.7</td>
<td>-1.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>1.3</td>
<td>1.6</td>
<td>-8.0</td>
<td>-4.1</td>
<td>2.8</td>
</tr>
</tbody>
</table>

The pandemic has resulted in broad-based economic slowdown, ranging from decline in household consumption and business investment to shrink in exports. The containment measures have hit international trade particularly hard. Export in Asia and the Pacific is expected to drop by 14% to 37% in 2020 (UN ESCAP, 2020c). Countries in the subregion registered sharp decline in merchandise exports in the first half of 2020 (Figure 8). For example, Mongolia is the second largest supplier of raw cashmere in the world. Given the decreased demand for raw cashmere and its related products, the cashmere business in Mongolia has been severely impacted by COVID-19, registering a 45% year-on-year decrease in the average domestic price of cashmere in April 2020. Export of mining products, such as coal and copper, also recorded a notable decline (UN Mongolia, 2020).

Figure 8: Export growth, 2019-2020

<table>
<thead>
<tr>
<th>Growth rate of total merchandise exports (%)</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1.4</td>
<td>-1.0</td>
<td>-0.3</td>
<td>2.0</td>
<td>-13.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Japan</td>
<td>-5.7</td>
<td>-6.2</td>
<td>-1.3</td>
<td>-4.4</td>
<td>-4.4</td>
<td>-23.7</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>-8.5</td>
<td>-8.7</td>
<td>-12.3</td>
<td>-11.8</td>
<td>-1.8</td>
<td>-20.3</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>1.0</td>
<td>-6.9</td>
<td>-6.6</td>
<td>-8.4</td>
<td>-14.1</td>
<td>-31.9</td>
</tr>
</tbody>
</table>

Source: WTO (2020).

Moreover, the disruptions of transportation and trade has significant spillover effects to the supply chain. China, Japan and the Republic of Korea are important hubs for global value chain (GVC). The strict lockdown measures during the early outbreak of COVID-19 in China, followed by containment measures in Japan and the Republic of Korea, had affected the production lines within the region and beyond.

Specifically, sectors that rely on the external supply of parts and components, such as automobiles and electronics, are in a difficult situation due to supply shortages. For example, the disruptions of the supply and demand of production parts in China caused Korean automobile industries to stop their domestic factories. This soon led to a series of blows by domestic parts makers in the Republic of Korea (Financial News, 2020).

In addition, against the backdrop of weak external demand, the containment measures have disrupted labour movement and other domestic supplies, hitting the labor-intensive manufacturing industry. In the case of China, factory operation rate fell and production decreased significantly during the early outbreak of COVID-19. For instance, Chinese display sector, which is a labor-intensive industry that requires a large number of workers to be put into assembly and processing, was hit hard by COVID-19. Also, home appliances industry (e.g., television or computer monitors) which are the downstream sector of display industry, has been adversely affected (World Bank, 2020a).

Apart from merchandise trade and industrial production, travel services export has experienced an immediate impact due to travel restrictions. The sharp decline in international tourist would translate into a loss of 1.5% to 2.8% global GDP and put hundreds of millions of jobs at stake.
Other traditional services sectors, especially those involving human-to-human contact, such as retail, restaurant, and hotel, also recorded significant decline in businesses. For example, in view of the containment measures in Russian Federation, only 10% of the shopping malls have resumed operations as of June 2020. The increase in vacancy rate of shopping malls has weighed on the rental property business (KOTRA, 2020).

Unlike the large enterprises that have more room for mitigation measures, micro-, small- and medium-enterprises (MSMEs) are more vulnerable to the crisis and less resilient to the disruptions of supply chain. Many MSMEs are financially fragile. Liquidity shortage due to a temporary halt in business may turn into a solvency problem, resulting in permanent closure of many MSMEs. In China, a survey on the condition of MSMEs indicated that 20% of surveyed firms could not last beyond a month on a cash flow basis, and 64% could not make it beyond three months (CGDEV, 2020). In case of Russian Federation, MSMEs are concentrated in the hard-hit industries (61% of the turnover comes from wholesale and retail trade, whereas 10% from manufacturing). It is estimated that the shock from the pandemic could result in a decrease in output of up to 77% (World Bank, 2020b).

There is an opportunity in every crisis. With the rapid adoption of digital technology to contain the spread of the virus, the pandemic has created strong demand for related businesses, such as online shopping, gaming, software packages and cybersecurity. Instead of face to face interaction, people now work, socialize, and consume digitally. According to the Ministry of Trade, Industry and Energy of Republic of Korea, sales of online retailers in the first half of 2020 increased by 17.5% year-on-year, while sales of offline retailers such as department stores and supermarkets declined by 6.0% during the same period (MOTIE, 2020).

The accelerated transformation to digital economy provides an important support to economic recovery, yet it favors intangible-capital intensive sectors with relatively fewer employees, which may widen inequalities and create a major social challenge. Another concern is the replacement of human jobs by robots and AI on a large scale, resulting in decline in the share of labour in national income and even mass unemployment. At the national level, countries that lack of digital infrastructure and technological capacity would find it difficult to maintain competitiveness, and they may be left behind from the benefits of technological progress.

On a positive note, the COVID-19 pandemic gives the environment some breathing space, promoting progress in SDGs 13 to 15. The slowdown in economic activities (e.g., temporary suspension of business, closing of public institutions, reduced air travel and human mobility) has resulted in lower demand for oil and gas, as well as reduction in air pollution and greenhouse gas emission. Air quality in the subregion, measured by PM 2.5 concentration, has improved over the same period in 2019. The improvement was more notable during the periods with strict prevention and control measures (UNESCAP, 2020b). Nonetheless, emissions will likely rebound and may even reach higher levels than before following economic recovery and the re-stock of missed-out supplies.
Loss of jobs and livelihoods

The tremendous impact of COVID-19 on economic activities has led to a decline in labour demand, resulting in millions of job losses in North-East Asia. The increase in unemployment rate is more notable in Russian Federation, Republic of Korea, and Japan in the first half of 2020, and gradual improvement is expected in 2021 following economic recovery (Table 3).

Table 3: Unemployment rate, 2019-2020

<table>
<thead>
<tr>
<th>Unemployment rate (%)</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>5.2</td>
<td>5.0</td>
<td>5.2</td>
<td>5.1</td>
<td>5.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Japan</td>
<td>2.4</td>
<td>2.4</td>
<td>2.3</td>
<td>2.2</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Mongolia</td>
<td>11.8</td>
<td>10.1</td>
<td>9.9</td>
<td>8.1</td>
<td>6.6</td>
<td>6.6</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>4.5</td>
<td>4.1</td>
<td>3.3</td>
<td>3.1</td>
<td>4.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>4.8</td>
<td>4.6</td>
<td>4.4</td>
<td>4.6</td>
<td>4.6</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Note: The figures for China refer to urban surveyed unemployment rate.
Source: National sources.

For the sectoral breakdown, the unemployment situation in the service industry with face-to-face interaction, such as tourism, restaurant, accommodation, and retail trade, is more challenging. There have also been significant labour market disruptions in the industry that work from home arrangement is not feasible (e.g., manufacturing). These industries are often categorized as labour intensive with many low-skilled jobs. Any shock to the business condition of these industries could translate into notable job loss. For instance, although tourism accounts for a relatively small share of the economy in Mongolia, the pandemic put 60,000 jobs therein at risk (United Nations Mongolia, 2020). On the other hand, the sectors which allow more flexible working arrangements (e.g., technology and finance) are able to mitigate the impact better.

Apart from the hard-hit sectors discussed above, workers in MSMEs and the informal sector as well as migrant workers have been particularly affected by the economic downturn. While they have greater risks of job and income loss, they usually have little savings or other financial cushion. Research suggests that migrant workers in Russian Federation were twice more likely to lose their jobs during the pandemic. For those who kept their jobs, a larger portion of migrant workers were put on unpaid leave (The Moscow Times, 2020). Meanwhile, workers in the informal sector and migrant workers are often not covered by protections of labour law or included in social protection measures, and thus very likely to fall into poverty. In fact, the rate of relative poverty is expected increase by 34 percentage points globally for informal workers (UNSDG, 2020). Migrant workers are in a particularly vulnerable situation as their visa or work permits may become expired due to layoffs. As of July 2020, it is estimated that around 13,000 migrant workers who lost their jobs were not able to return to their home country due to their home country’s containment policy (Chosun Ilbo, 2020). The resultant drop in remittances will also affect families of migrant workers.4

4 Global remittances are projected to decline by about 20% in 2020 (World Bank, 2020c).
Moreover, the COVID-19 crisis has hit young people harder and faster than other groups. In fact, before the pandemic, young people were already facing challenges in labour market, with a larger proportion of part-time jobs and higher unemployment rate (ILO, 2020a). As businesses were hit by the pandemic, companies tend to fire the inexperienced young workers first, while retain workers with longer job tenure on the payroll by temporary job suspension or shortening working hours. For example, in the Republic of Korea, the youth unemployment rate jumped from 8.3% in Q4 2019 to 10.7% in Q1 2020, compared to the 1 percentage point increase in the adult unemployment rate during the same period (ILO and ADB, 2020). Job losses, combined with disruptions of education and training caused by COVID-19, are expected to have significant long-term effect on the career development of young people.

Regarding the disruptions of education, the pandemic has led to school closures which affects educational attainment and reduces future earnings of students. In North-East Asia, schools had extensive period of either partial or full closure since early 2020. Distance education are provided through online platform or paper-based take-home materials for parents/students at primary and secondary education (UNESCO-UNICEF-World Bank, 2020). While various modalities are resorted, there are concerns about the quality and effectiveness of distance education. More importantly, school closures brought disadvantage of the vulnerable groups to the surface (e.g., students with disabilities, and those who have poor digital skills and the least access to the hardware and connectivity required for distance learning solutions), reducing their opportunity to access to education and increasing inequality (UNSDG, 2020k).

Another hard-hit group is women who are overrepresented in the service sectors that have been severely affected by the pandemic (ILO, 2020b). The increased burden of unpaid care work further constrains women’s access to employment, widening gender inequalities in labour market. These concerns particularly manifest in the subregion, especially in China, Japan and ROK given their relatively high level of gender inequality before the crisis. While women already take up most of the housework before the crisis, the containment measures of the pandemic (e.g., school closures) have resulted in heightened care needs of children, older persons and other family members (UNSDG, 2020b). Women may thus have to give up their jobs to take care the family. For example, ROK recorded declines in the number of employed persons for seven consecutive months since March 2020. In September 2020, ROK lost 392,000 jobs compared to a year ago, of which women accounted for 72% (KOSTAT, 2020).

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5 It is estimated that a five-month school closure could reduce marginal future earnings by about 2.5% per year over a student’s working life in Russian Federation (World Bank, 2020b).
6 Most of the distance education are provided through online platform or paper-based take-home materials for parents/students at primary and secondary education in Japan, China and Russian Federation, while the latter two countries also use of television for distance education at secondary level (UNESCO-UNICEF-World Bank, 2020)
7 Out of 153 countries in the Global Gender Gap Index 2020, China, Japan and ROK ranked 106th, 121st and 108th respectively (World Economic Forum, 2019).
8 For example, women spend 7.8 times more time than men on childcare in Mongolia, whereas women spend 8.3 times and 6.6 times more time than men on housework in Japan and the Republic of Korea respectively (United Nations Mongolia, 2020 and Statista, 2020).
For the older persons and persons with disability, they are more likely to lose their job and face greater difficulties re-entering the labour market after the crisis (UNSDG, 2020c and 2020l). In Japan, there has been notable increase in the unemployment rate of older persons since early 2020 (Statistics Bureau of Japan, 2020). Without a job, they lose health insurance which makes them further vulnerable amid the pandemic. The risk of poverty is more pronounced in countries with inadequate social protection coverage and the crisis may permanently undermine their future economic security if appropriate supports are not in place.

The devastating impact on employment and livelihood, especially for vulnerable populations, may result in a vicious spiral that turns the economy into a prolonged recession. On one hand, lower labour income will further suppress aggregate demand. On the other hand, extended unemployment will lead to deterioration of human capital, weighing on labour supply and productivity.

Given the disproportionate impact of COVID-19 on vulnerable populations, the pandemic has exacerbated inequalities in human development. As the crisis has accelerated the adoption of digital technology and automation, it has intensified the polarization of jobs and worsened wage inequality. Repetitive jobs currently carried out by low- and middle-skilled workers are likely to be replaced by machines. The pandemic may prove to be a turning point for many workers: those who adapt to digital transform would get a decent job and those who fail to do so may be left behind.
4. North-East Asia’s Responses to COVID-19

Saving lives

In view of the overwhelmed health systems and disruptions of related services, governments have pushed forward various measures to provide effective healthcare and manage the pressures on health systems.

First of all, countries have strengthened and optimized health system capacity to respond to the increase in caseloads. For instance, given the gap in health system amid a massive surge of patients in China, shelter hospitals were rapidly built by converting existing public venues into healthcare facilities to isolate patients and provide essential medical support (Chen et al., 2020). Temporary hospitals were also constructed in Moscow. To provide appropriate treatment, the ROK government classifies patients based on severity, and accommodates them accordingly at hospitals or living and treatment support centers (The Government of the Republic of Korea, 2020a). Additional medical personnel were mobilized to provide rapid response during the early outbreak of COVID-19 in Wuhan, China as well as in Daegu, the Republic of Korea.

Secondly, it is important to ensure adequate and equal access to diagnostics and treatment as well as medical supplies. For example, reverse transcription-polymerase chain reaction (RT-PCR) testing and subsequent treatment are fully funded by the Japanese government. The Republic of Korea takes a more aggressive approach with nationwide massive testing to diagnose patients and to block the viral spread. Both public and private laboratories were used to develop tests, with a fast-track approval process. To ensure easy access to diagnostic testing, drive-through centers, mobile facilities, and screening clinics were set up (The Government of the Republic of Korea, 2020a). As of 22 October 2020, more than 2.5 million tests had been performed in ROK. As for the essential medical supplies, Russian government introduced zero import duties for pharmaceuticals and medical supplies and equipment (IMF, 2020d). Similarly, medical equipment and pharmaceuticals related to COVID-19 are exempt from registration fees in China. In Mongolia, an additional health spending of MNT 37.6 billion (around USD 13 million) has been allocated for purchasing essential medical equipment and for disinfection and decontamination.

Thirdly, technology gives countries more effective avenues to respond to the crisis. Smartphones and mobile data have been leveraged for detection and control of COVID-19, especially in China and the Republic of Korea. It provides detail information for contact tracing and helps identify clusters of infected people in an effective manner. Self-quarantine safety protection mobile application allows the users to monitor their conditions and conduct self-diagnosis. The cellular broadcasting service enables government agencies to send emergency alert text messages and advise the public high-risk areas (The Government of the Republic of Korea, 2020b). A unique health barcode system was first developed in China to identify the risk of infection and avoid the spread of the virus, while a similar system was also adopted in Moscow (Shaw et al., 2020). Quick response (QR) code system was also employed in ROK to record visitors of public places. Apart from smartphone, various technologies were also employed, including Artificial intelligence (AI) and thermal cameras for diagnosis and screening of patients, AI and machine learning for the development of treatments and vaccine, as well as telemedicine platforms for healthcare support.
Reigniting Growth

North-East Asian countries have responded promptly with relief and stimulus packages to support the economy and the people. The measures implemented by central banks and governments in the subregion could be broadly categorized into monetary and fiscal policies, which provide liquidity to avoid credit crunch and temporary cash flow problem, and offer targeted stimulus to help affected businesses and households due to collapse in business activities. These supports are critical to address the adverse socio-economic impacts and prevent potential downward spiral of the economy, thereby directly contributing to SDGs 1, 2, 5, 8 and 10.

In terms of monetary policy, North-East Asian countries have reduced interest rate and provided liquidity to minimize the negative impact of COVID-19 on the real economy. Figure 9 shows that central banks in the subregion have lowered policy rates (ranging from 30 to 214 basis points) to support the economy, except for the Bank of Japan which has maintained a negative rate at -0.1% since January 2016. Apart from the interest rate cuts, central banks have provided liquidity to the financial markets through various measures. For example, the Bank of Japan has increased the size and frequency of Japanese government bond purchases, conducted special funds-supplying operation to provide loans to financial institutions, and provided a temporary additional increase of the targeted purchases of corporate bond and commercial paper. The Bank of Korea has launched a new lending scheme “Corporate Bond-Backed Lending Facility” to provide loans to banks and non-bank financial institutions. The Bank of Russia has also introduced a new RUB 500 billion (around USD 6.6 billion) facility for SMEs lending and reduced the interest rate on the existing RUB 175 billion (around USD 2.3 billion) facility (CBR, 2020).

Figure 9: Central bank policy rate changes since the beginning of 2020

Source: UNESCAP (2020a) based on information available up to 31 August from IMF Policy Responses to COVID-19 and various national sources and news.
Regarding the fiscal stimulus, North-East Asian countries have launched various measures, such as exemption of taxes, loan expansion and cash payments, to support businesses. For instance, Mongolia has launched a fiscal package of MNT 5.1 trillion (around USD 1.8 billion) in March 2020 to support the economy, including loan to national cashmere companies, and exemption of corporate taxes and social insurance contribution. Targeted supports are also provided to the hard-hit sectors. For example, Republic of Korea has announced the establishment of a key industry relief fund of KRW 40 trillion (around USD 34 billion) in April 2020 to support the key industries, such as airlines, shipping, shipbuilding, autos, general machinery, electric power, and communications. In addition, stimulus packages are focused on supporting the more vulnerable MSMEs. Japanese government has provided cash payment of JPY 2 million (around USD 19,000) to MSMEs and JPY 1 million (around USD 9,500) to individual owners whose sales have dropped significantly, along with reduction of property taxes and deferral of payments of social security premiums and consumption tax for one year (Prime Minister of Japan, 2020). Russian Federation has also intensively supported MSMEs by delaying tax deadline, easing loan conditions, and providing additional loan to reduce the debt repayment burden. Meanwhile, Chinese government has introduced a series of customized SMEs policies, such as tax reduction, easing repayment of corporate loans, and extending loan deadlines.

Furthermore, countries have sought to reorganize the GVC. The existing supply chain focuses on maximizing efficiency. However, with the GVC being shaken by the pandemic, securing a value chain with stability and resilience becomes the priority. Countries such as Japan are actively supporting reshoring to ensure the supply chain of their core and essential industries. Japan announced in April 2020 that it would support up to two-thirds of the cost if companies move their production bases back to the country through the “Overseas Supply Chain Reform Policy”. Japan is also pushing for domestic U-turns or decentralization of production bases that are excessively concentrated in China. Major Japanese manufacturers are seeking to reduce the proportion of Chinese parts procurement by diversifying parts procurement from their existing Chinese factories to Japan and Southeast Asia (METI, 2020). Having said that, there are cases of closer cooperation. For example, Mongolia has introduced a temporary regulation called Green Gateway on Mongolia and China border checkpoints to facilitate COVID-19 test, thereby reviving trade and economic cooperation.

**Enhancing social protection**

In view of the loss of jobs and livelihoods, countries in the subregion have launched a series of support measures, including cash transfer, expanding unemployment benefits, reducing the burden of tax and social insurance payments, and providing additional social assistance to alleviate the adverse impact brought by the pandemic. In particular, countries have focused on assisting the vulnerable groups. These measures would contribute directly to SDGs 1, 2, 3, 4, 5, 8 and 10.

Firstly, most countries have provided direct cash transfers to protect vulnerable populations. For example, the Republic of Korea has offered each household in the bottom 70 percent income group with KRW 1 million (around USD 855) via its emergency disaster relief package (MOEF,
Mongolian government has provided older persons who are not entitled to pension benefits, people with disabilities, and orphans or half-orphaned children with single parents with monthly allowances of MNT 280,000 (around USD 100) (World Bank, 2020d). Japan has also announced a cash handout of JPY 100,000 (around USD 950) to all its residents regardless of the income level. Meanwhile, students from low-income households will receive JYP 200,000 (around USD 1,900). Russian Federation has offered one-off cash transfer of RUB 10,000 (around USD 130) to all children aged 3-15 irrespective of the family income, and provided additional monthly payment of RUB 3,000 (around USD 40) per child to parents who have lost their jobs (World Bank, 2020d). In Wuhan, China, one-time cash assistance of RMB 3,000 (around USD 440) was provided to retention migrant workers (World Bank, 2020d).

Secondly, various measures have been introduced to help employees and they can be broadly categorized into two areas: (i) unemployment benefits with direct cash transfer, and (ii) job retention scheme with paid leaves or reduced work time. For example, Russian government has supported those who lost their jobs due to COVID-19 with unemployment benefits of RUB 12,130 (around USD 160) from April to June 2020 (Russia Briefing, 2020). ROK has introduced temporary financial aids to promote job seeking activities for low-income groups that are under the age of 69 and below 60% of median earnings (MOEL, 2020). Meanwhile, Japan compensates companies up to JPY 8,330 (around USD 80) per person per day for employees who are taking paid leave to care for children due to school closures in response to COVID-19 (The Mainichi, 2020). Similar subsidies are also provided to businesses for employee retention in ROK.

Thirdly, governments have announced deferral on tax payments, utility waiver, and rental subsidies to alleviate the financial burden of individual and businesses. For example, Mongolian government has exempted self-employed and businesses from social insurance fees and waived personal income taxes between April and October (World Bank, 2020d). In ROK, financial and tax support of around KRW 7 trillion (around USD 6 billion) has been provided for businesses and individuals, including 50 percent income tax cuts given to landlords for rent reduction and individual consumption tax cuts for car purchases (MOEF, 2020b). In addition, a state-run Korea Electric Power Corporation announced that it would delay electricity bill payments for MSMEs as well as low-income families (The Korea Herald, 2020).

Fourthly, apart from the financial support measures discussed above, countries have provided additional social assistance to the vulnerable groups. For instance, ROK has operated emergency care programs at each school to protect children who have to be alone at home without any guardians due to school closures. Mongolian government has implemented various polices to protect vulnerable populations, such as an increase in child money allowance, a scale-up of food stamp allowance, and an increase in social welfare pensions for older persons, people with disabilities, and single parents with more than four children (IMF, 2020d). As for the work permit issue of migrant workers, Japan, ROK, and Russian Federation have introduced flexibility in the visa system to protect them from the negative impacts of the pandemic (World Bank, 2020e).

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9 As of 22 September 2020, a total of KRW 14.2 trillion (around USD 94 billion) has been distributed to 22.2 million households nationwide from the government’s “Emergency Disaster Support Fund” (MOIS, 2020).
Lastly, countries have provided training programs to reduce the impact of polarization of jobs and widened wage inequality due to the rapid adoption of digital technology during the crisis. For example, ROK has introduced a virtual training platform “Smart Training Education Platform” to provide vocational re-skilling training courses. In addition, specific youth-targeted measures, such as creating 50,000 high tech jobs and 50,000 internships for young adults, have been launched to better support the development of young people (MOEF, 2020c). To support MSMEs, free access to online training platforms, covering technical knowhow and management lessons, is provided in China (ILO, 2020c).

In summary, the size of the relief and stimulus package in North-East Asian countries is around 10% to 20% of GDP, except for Japan which is much larger. While the specific measures differ across countries based on national circumstances, government financial support to households and businesses (e.g., income support, financial assistance for payroll, and tax cuts) accounts for a major part of the total package (Figure 10).

Figure 10: COVID-19 related measures as a percentage of GDP

![Graph showing the distribution of COVID-19 related measures as a percentage of GDP for different countries.](image)

Note: Figures as of 19 October 2020.
Source: ADB (2020).

The policy trajectories and priority areas could be summarized as follows: (i) increase spending on healthcare to save lives and contain the spread of the virus, (ii) support the affected households and businesses to sustain people’s income, retain employment and reduce the burden of businesses, and (iii) invest in economic recovery and sustainable development (UNESCAP, 2020b and 2020i).

The policy packages best align with SDGs 1 (no poverty), 3 (good health and well-being) and 8 (decent work and economic growth). Targeted measures on vulnerable populations could contribute to SDGs 5 (gender equality) and 10 (reduced inequalities), followed by Goals related to social concerns. For the medium- and long-term measures on economy recovery, environmental well-being has received growing attention, which could benefit SDGs 12 to 16.
5. Looking Forward: Subregional Strategies to Build Back Better

The virus knows no borders and has transcended the national boundaries, resulting in a devastating pandemic. Countries should not fight against the virus alone but strengthen cooperation to combat COVID-19 together. This chapter suggests three areas of subregional cooperation, in line with ESCAP’s framework of support to member States\(^{10}\), with the aim of supporting North-East Asian countries to build back better and create more equal, sustainable, and resilient societies.

Scaling up health emergency preparedness and response

The pandemic reveals the gaps in health system and highlights the importance of strengthening public health emergency preparedness. COVID-19 will not be the last health crisis and countries should leverage this momentum to improve response to future threats.

Based on the priority gaps in preparedness capacity, countries are recommended to increase investment to close specific gap of their health systems (e.g., medical personnel, essential medical equipment, surveillance, information management and risk communication).\(^ {11}\) For example, given the relatively low number of hospital beds per capita in China, shelter hospitals were rapidly built. Countries should select certain areas that would achieve quick wins in the short term, but also make long term structural reform and investment to build a resilient health system (WHO, 2020b).

In a highly interconnected world where disease can be spread around the globe easily, no country can combat disease alone. Regional cooperation is essential to ensure effective management of public health emergency. In this regard, the Asia Pacific Strategy for Emerging Diseases and Public Health Emergencies (APSED III) provides a common framework and an important collaborative platform to strengthen preparedness and response to public health emergencies in the region (WHO, 2017).\(^ {12}\) ESCAP’s regional and subregional cooperation mechanism could also be scaled up to include pandemic preparedness, better recovery and resilience (UNESCAP, 2020e).

In the subregion, China, Japan and the Republic of Korea have worked together and effectively responded to a number of global public health emergencies over the years, including pandemic influenza A (H1N1), avian influenza (H7N9) and Ebola virus disease. The three countries inaugurated the Tripartite Health Ministers Meeting (THMM) in 2007 and adopted the

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\(^{10}\) The core of the ESCAP framework consists of three main streams of work: (i) protecting and investing in people and enhancing resilience of societies and communities, (ii) supporting sustainable and inclusive economic recovery, and (iii) restoring and building resilience in supply chains and supporting SMEs (UNESCAP, 2020d).

\(^{11}\) For example, the International Health Regulations (IHR) monitoring and evaluation framework and the WHO benchmarks for IHR (2005) help countries identify their strengths and gaps in health system.

\(^{12}\) The eight focus areas in APSED III are as follows: (i) public health emergency preparedness, (ii) surveillance, risk assessment and response, (iii) laboratories, (iv) zoonoses, (v) prevention through health care, (vi) risk communication, (vii) regional preparedness, alert and response, and (viii) monitoring and evaluation.
Memorandum of Cooperation and the Joint Action Plan on Joint Response against Pandemic Influenza and Emerging and Re-emerging Infectious Diseases of Common Concern in 2008, which has been revised in 2013, 2016 and 2019 to reflect new challenges and required cooperation (TCS, 2019). In view of the COVID-19 pandemic, China, Japan and the Republic of Korea have strengthened information exchange and cooperation. The three countries have also collaborated through Association of Southeast Asian Nations (ASEAN) Plus Three. One of the important initiatives is the establishment of the COVID-19 ASEAN Response Fund which will be used to procure medical equipment as well as support research and development in medicines and vaccines.

Other key areas of cooperation cover communication mechanism, rapid information sharing platform, surveillance, early-warning and epidemiological investigation, joint infectious disease control measures, development of strategies to minimize outbreaks by using joint simulation and table-top exercises, sending health workers and experts to bridge gaps in capacity, common reserve of essential medical supplies, public health emergency fund, joint scientific research and development of diagnostics and vaccines. These collective actions would directly contribute to progress towards SDG 3 on health and well-being. Given the adverse effect of COVID-19 on the SDGs, better health preparedness and response would ease the shock of future health crises, thereby reducing the socio-economic impacts.

Existing collaboration should be broadened to a wider regional and subregional level. It is important to keep all actors informed of resources and strategies to strengthen cooperation, providing targeted support for countries that are most affected by the virus. All these measures could be implemented in a timely and efficient manner with the help of a coordination mechanism with clear response plans.

During the 75th Session of United Nations General Assembly, Chinese President Xi Jinping announced that China will provide another USD 50 million to the UN COVID-19 Global Humanitarian Response Plan, offer USD 50 million to the China-FAO South-South Cooperation Trust Fund (Phase III), and set up a UN Global Geospatial Knowledge and Innovation Center and an International Research Center of Big Data for Sustainable Development Goals. Meanwhile, Prime Minister of Japan Yoshihide Suga highlighted the commitment of Japan to expand its

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For example, a Special Foreign Ministers’ Video Conference on COVID-19 was held on 20 March 2020 and a Special Video Conference of Tripartite Health Ministers’ Meeting on COVID-19 Response was organized on 15 May 2020 to share information and discuss joint efforts to address the COVID-19 pandemic. For instance, a Special Video Conference of Senior Officials Meeting on Health Development was held on 3 February 2020 and a Special ASEAN Plus Three Summit on COVID-19 was organized on 14 April 2020. A well-coordinated border control and entry restriction would be more effective than a unilateral notice. The COVID-19 Technology Access Pool (C-TAP) is a good example of knowledge exchange. It provides a “one-stop shop” for sharing scientific knowledge, data and intellectual property in efforts to beat back the pandemic (WHO, 2020c). A more in-depth subregional version of C-TAP could be founded and further be expanded to include areas such as trade and logistics resilience (UNESCAP, 2020f). Another example is COVAX convened by the Coalition for Epidemic Preparedness Innovations, Gavi and the World Health Organization, which aims to accelerate the development and manufacture of COVID-19 vaccines, and to guarantee fair and equitable access for every country in the world. As of 19 October 2020, China, Japan and ROK have signed commitment agreements to the COVAX Facility (WHO, 2020d).
efforts to strengthen health and medical systems in developing countries and support the development of therapeutics, vaccines and diagnostics. In response to the COVID-19 pandemic, Japan has provided foreign aid of over USD 1.5 billion to assist developing countries. In addition, ROK President Moon Jae-in proposed launching a Northeast Asia Cooperation Initiative for Infectious Disease Control and Public Health, with the participation of China, DPRK, Japan, Mongolia and ROK, to guarantee collective protection of life and safety via more inclusive cooperation. The United Nations global footprint at the national level is an asset for the global community to be leveraged to deliver the ambition needed to win the war against the virus (UNSDG, 2020a).

Supporting safe and resilient transport and trade connectivity

The COVID-19 pandemic amplified the need to address disruptions in operational connectivity and supply chains involving both trade and transport sectors (OECD, 2020b). In North-East Asia, policy actions taken to address these disruptions include customs-related measures, targeted financial support, and open borders for freight.17 Notably, instruments and processes that are in use to facilitate operational connectivity can be employed to also ensure health and safety of people involved in transport operations, customs, and border control. There are several areas of trade and transport facilitation where their desired best practices could also address the challenges of the COVID-19 pandemic. For example, on contactless solutions, the implementation of international conventions and standards for electronic data exchange in transport corridors, border crossings, and trade operations is instrumental to reducing physical contact, thereby ensuring the health and safety of people involved in supply chains. Regarding seamless connectivity from policy to operations, measures include more coordinated response through national trade facilitation committees (or equivalent institutionalized inter-agency group), improved customs automation and reduced non-tariff barriers, as well as collaborative solutions on transport, trade and logistics operations.

The success in further supporting safe and resilient transport and trade connectivity lies in strengthening the coordinated approach between the two sectors. North-East Asian countries have already achieved significant progress in trade and transport facilitation. Strengthening coordination in the following areas could benefit further the subregion in its pursuit of safe, seamless, and resilient connectivity.

17 There are common measures on transport and trade implemented across the subregion. On customs: trade facilitating procedures to reduce physical contact during customs clearance and other processes (e.g., expanding scope of services that can be received remotely and documents that can be accepted in electronic forms; using remote technologies to carry out an inspection; extension of validity of certificates, etc.; and organizing green lanes for essential medical supplies and goods). On financial support: import of select categories of goods (e.g., pandemic response supplies, foodstuffs); exemption from or reduction of some taxes and duties; extension of payment periods; and insurance and foreign currency support. On transport: keeping borders open for freight along road transport routes; extension of operations certificates issued by countries and recognition of these certificates to avoid mass ships detentions in ports.
i. Enhancing legal regime for transport and trade in the subregion, through:
   - creation of a legal instrument for multimodal transport in the subregion
   - subregional AEO mutual recognition scheme
   - supporting multilateral customs cooperation agreements
   - making full use of international agreements already signed by countries in the subregion

ii. Developing technological and operational solutions to facilitate trade and transport in the subregion, through:
   - streamlining land border crossing processes by including elements of joint border control or one-stop border crossings
   - coordination on secure transit with electronic seals and discussion of possible subregional scheme for transit under electronic seals

iii. Establishing interoperability and data exchange between the information systems supporting trade and logistics in the subregion, through:
   - interoperability of national single windows in the subregion and discussion of subregional single window
   - subregional logistics information platform
   - subregional digital transport corridors (both land and sea-land), multimodal paperless solutions
   - cooperation on other digital solutions (e.g., blockchain)

Within each area, there is a range of practical steps the countries might explore to advance a more coordinated approach on trade and transport facilitation. All taken with measured and phased-in steps, building on existing collaboration initiatives and working with subregional institutions.18

**Spurring sustainable and inclusive economy**

The COVID-19 pandemic has speeded up transformation to digital economy, and green economy to a lesser extent. As highlighted in the global and regional discussions on building back better, the world is in urgent need of a common vision and action plan for leveraging technology in the fight against COVID-19, while ensuring a transformational and green recovery (UNESCAP, 2020d, UNSDG 2020a and 2020m). The UN Secretary-General’s Roadmap for Digital Cooperation launched in June 2020 calls for global digital cooperation and proposes five set of recommendations, including building an inclusive digital economy and society, developing human and institutional capacity, protecting human rights and human agency, promoting digital trust, security and stability, and fostering global digital cooperation (UN, 2020a). The strong interest of leveraging technology for sustainable development offers an opportunity for cooperation. The potential multi-sectoral synergies around technology and green economy would enable countries to build back better and accelerate the progress of the SDGs.

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18 Further elaborations are available from *Subregional study on policy coordination on trade and transport facilitation in East and North-East Asia* (UNESCAP, 2020j).
The subregion has remarkable progress in SDG 9 (industry, innovation and infrastructure). In particular, China, Japan and the ROK are pioneering the trend of digitalization in Asia and they have a significant impact on the transformation to digital societies globally. Leveraging on their technological advancement, the subregion could accelerate digital transformation and develop promising solutions to the socio-economic challenges brought by the pandemic while promoting sustainable development at the same time.

In fact, countries in the subregion have announced long-term recovery measures around digital and green economy. For example, China has positioned ‘new infrastructure’ construction as a key policy pillar of its post-pandemic economic recovery. The total investment anticipated is 10 trillion RMB (around USD 1.5 trillion) from 2020 to 2025, covering information infrastructures such as 5G telecommunication networks, and big data and intelligent computing centers, as well as smart transportation and smart energy infrastructure.

As for Japan, prior to the outbreak of COVID-19, ambitious plans to invest in Society 5.0, which is envisioned to be an inclusive digital socio-economic system supported by cutting-edge science and technology, were proposed in the 5th Science and Technology Basic Plan. In view of the COVID-19 pandemic, the government’s stimulus package will bring additional investment on Society 5.0 with greater emphasis on building national resilience.

The Republic of Korea has also announced a package of measures, so-called ‘Korean New Deal’, to create jobs and spur growth to revive the economy. The ROK government will invest 160 trillion won (around USD 135 billion) to create 1.9 million jobs by 2025. Specifically, ‘Digital New Deal’ and ‘Green New Deal’ are the two pillars of the Korean New Deal roadmap, with top 10 flagship projects including AI governments, smart medical infrastructure, eco-friendly mobility, green energy, and smart green industrial complexes. The ROK government will also train 100,000 key personnel in software and AI and 20,000 more in green convergence technology to respond to changes in the employment structure.

Sharing knowledge and good practices on the use of technology as well as effective policy measures are mutually beneficial to address the common challenges of the pandemic and post-COVID-19 recovery within and beyond the subregion. To this end, the Asia-Pacific Research and Training Network on STI Policy (ARTNET on STI Policy) provides a platform for knowledge exchange and collaboration as well as support research to inform STI policies in the region. In addition, the UN Inter-agency Task Team (IATT) has been working towards developing STI Roadmaps for SDGs. It supports countries to exchange views on a common framework and helps enhance the capacity of member States in integrating STI in development processes. Furthermore, the rising importance of data amid the fight against COVID-19 highlights concerns about the misuse of personal data and invasion of personal privacy, calling for a global/regional

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19 China, Japan and the ROK ranked 2nd, 3rd, and 5th, respectively, in value added in ICT sectors in the world (UNCTAD, 2019).

20 For example, the ENEA office and the Science and Technology Policy Institute (STEPI) of the Republic of Korea co-organized a training workshop on STI policies for sustainable development in March 2019, with the aim of building the capacity of countries in Asia and Pacific to respond to the changing STI policy landscape for frontier technologies and public innovation (UNESCAP, 2020g).
framework for protecting data privacy. A common policy framework such as EU’s General Data Protection Regulation is key to set the standard and rule of open data and data protection. Apart from the data issue, policy and regulation must catch up with other areas of the rapidly growing digital economy with a well-coordinated global/regional framework.

North-East Asian countries should ensure inclusive access to technology. Despite the relatively well digital connectivity (e.g., internet and mobile phone subscription) of the subregion (Table 1), the disparity within and between countries warrants special attention. Given the rapid development of technology and the growing reliance on digital economy, digital divide is likely to reinforce existing inequalities and even propagate new layers of inequality. In this regard, the Asia-Pacific Information Superhighway (AP-IS) initiative led by UNESCAP helps increase the availability and affordability of broadband Internet across Asia and the Pacific by strengthening the underlying Internet infrastructure in the region. The implementation of the master plan and regional cooperation framework document for 2019–2022 as well as effective multi-stakeholder partnerships (e.g., potential joint activities with the Russian Academy of Sciences and the China Academy of Information and Communications Technology) are expected to improve ICT connectivity in the subregion as well as in Asia and the Pacific (UNESCAP, 2020h).

On green economy, progress across SDGs 12 to 16 have been stagnant in the subregion. The environmental gains from COVID-19 are likely to be short-lived and may reverse following economic recovery. Since the outbreak of COVID-19, countries have been striving to save the economy. However, going back to the status quo ante is not enough and a green recovery should be highlighted. Countries have to step up efforts to protect the environment and accelerate decarbonization. It is recommended to align national environmental and climate objectives with the recovery measures, instead of putting GDP growth at the center. The Green New Deal of the Republic of Korea is a good example which supports economic recovery and at the same time accelerates the transformation from a carbon-dependent economy to a low-carbon economy. China is also committed to a green revolution to have CO₂ emissions peak before 2030 and achieve carbon neutrality before 2060. Recently, Mongolia has received a USD 100 million loan by the Asian Development Bank to install the country’s first large-scale advanced battery energy storage system. The system can be charged entirely by renewable electricity, and then discharge clean electricity to supply peaking power in the central energy system grid, thereby helping tap the rich renewable energy potential in wind and solar power in Mongolia and accelerate the decarbonization of the energy system (ADB, 2020b).

Apart from investment in green economy, regulatory changes are also important to accelerate economic transformation towards a more sustainable pattern. For instance, the current low oil and gas prices offer an opportunity to eliminate fossil fuel subsidies and implement carbon pricing mechanisms to incentivize a shift towards clean energy (UNESCAP, 2020i). Such measures could help finance the stimulus packages and boost low carbon alternatives.

In addition, governments could introduce sustainability requirements (e.g., information disclosure along Environmental, Social and Governance (ESG) factors) when they provide support for businesses (e.g., preferential loans or tax relief), thereby internalizing these factors into business decisions as well as catalyzing ESG investment (UNESCAP, 2020b). The subregion
hosts several major stock exchanges in the world, such as Japan Exchange Group, Shanghai Exchange Group, Hong Kong Stock Exchange, Shenzhen Stock Exchange, and Korea Exchange, offering significant potential for the growth of responsible investing. In fact, most of the stock exchanges in the subregion have participated in the UN Partnership Programme - Sustainable Stock Exchanges Initiative to enhance performance on ESG issues.

Moreover, regional cooperation and policy coordination are essential to tackle transboundary risks and strengthen environmental resilience (UN, 2020b). Same as the virus, air pollution and climate change do not respect border. In the subregion, the North-East Asian Subregional Programme for Environmental Cooperation (NEASPEC) provides a comprehensive intergovernmental cooperation framework to address environmental challenges. While North-East Asian countries have closed ecological interlinkage, the subregion has slow progress in developing effective mechanisms for environmental cooperation. The NEACAP is an important asset to be leveraged to strengthen the institutional arrangements of subregional environmental cooperation as well as scale up the commitments of member governments and stakeholders (UNESCAP, 2020f).

To conclude, the pandemic crisis should be taken as an opportunity to reorient the development approach and accelerate progress towards the 2030 Agenda. International community now recognizes the broken relationship between human and nature, which has become a key source of new infectious diseases. Thus, a transformative recovery from COVID-19 should be pursued to reduce risks from future potential crises and drive the transition to more equal, sustainable, and resilient societies through domestic and global partnerships, thereby delivering the SDGs during the Decade of Action.

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21 NEASPEC covers five thematic areas, (i) nature conservation, (ii) transboundary air pollution, (iii) desertification and land degradation, (iv) low carbon cities, and (v) marine protected areas, closely linked to SDGs 3, 6, 7, 11, 13, 14 and 15. For example, the North-East Asia Clean Air Partnership (NEACAP) was institutionalized in October 2018 to address transboundary air pollution in the subregion, contributing to SDG 3 on good health and well-being. It is expected to promote science-based and policy-oriented collaboration as well as enhance information and experience exchange.
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