The Impact and Policy Responses for COVID-19 (Coronavirus) in Asia and the Pacific
Economic Pillar

- COVID-19, shock from both supply and demand sides, has significantly threatened people’s lives and the region’s economic outlook. Short-term economic responses should prioritize people over economic recovery.

- Immediate and large fiscal measures, supported by targeted monetary easing, are required to contain COVID-19, to cure people and to ensure economic and financial stability.

- Countries should facilitate expedient cross-border movement of essential medicines, medical equipment and teams, and other essential goods, removing tariffs and non-tariff measures.

- Regional cooperation can provide additional avenue to respond to the pandemic, by establishing a regional and/or sub-regional public health emergency fund and coordinating debt relief measures.
COVID-19, shock from both supply and demand sides, has significantly threatened people’s lives and the region’s economic outlook…

Measures to Contain COVID-19 (e.g. travel restrictions, suspension of production, and lockdown of cities)

Lower demand for Goods and Services (Tourism, Hospitality, Civil Aviation)

People

Higher demand for Healthcare

People mobility to affect other countries

FINANCIAL MARKETS
Stock markets and foreign exchange markets

Potential financial contagion

Lower earnings

Lower incomes

LOWER EARNINGS

LOWER INCOMES;
LOWER CONFIDENCE

FINANCIAL MARKET CHANNEL

CROSS-BORDER CHANNEL

SUPPLY SIDE CHANNEL

DEMAND SIDE CHANNEL

Disruptions in Supply Chains

Affect commodity importers and exporters

Lower demand for Commodities

FIRMS
SMEs are more vulnerable.

Layoff Workers

FINANCIAL MARKETS

Affect other countries’ manufacturers in supply chains

LOWER PRODUCTION

LOWER EARNINGS

LOWER CONFIDENCE

LOWER PRODUCTION

LOWER EARNINGS

LOWER CONFIDENCE

Lower demand for Healthcare

Affect other countries’ manufacturers in supply chains

Potential financial contagion

Source: ESCAP.
...with a fall in region’s GDP growth by around 1 percentage point, with a differential impact on subregions.

GDP Growth decline in Asia and the Pacific Region due to COVID-19

Source: ESCAP estimates.
Note: The GDP growth differences are based on GDP growth forecasts on 27 November 2019 and 10 March 2020.
Economic losses are borne unevenly across countries, depending on their links with the affected countries.

Economic losses are borne unevenly across countries, depending on their links with the affected countries.

**Fuel exports**

- Share of GDP %
- European Union 25
- United States
- Singapore
- Republic of Korea
- Japan
- China

**Non-fuel commodity exports**

- Share of GDP %
- European Union 25
- United States
- Singapore
- Republic of Korea
- Japan
- China

*Source:* ESCAP calculation based on UNCTAD STAT (accessed on 11 March 2020) and IMF World Economic Outlook database (updated October 2019 (accessed on 11 March 2020)).
In the short-term, the impact on travel exports will be most felt

Share of travel services exports in GDP in Asia Pacific economies, latest years (percentage)

Economies are scrambling to secure medical equipment through export bans

Cumulative number of new export bans (or de-fact bans) of medical masks, protective gear and other key equipment

Source: ESCAP, based on data provided by Global Trade Alert (GTA), 20 March 2020.
Policy responses need to prioritize **people** over **economic recovery**

**Immediate measures**

**Fiscal policies:** ample room for large fiscal investment
- Immediate measures to contain and respond to COVID-19
- Immediate measures to ease the shock to jobs and guarantee minimum living standards

**Monetary policies**
- Targeted monetary easing to support SMEs and overall financial health

**Facilitate availability of key medicinal products**
- Ration medicinal products to prevent price surge as an interim step, and consider enhancing supply of these products

**Practice “do no harm” trade policy**
- Review and remove tariffs and unnecessary non-tariff measures affecting imports of essential medicines, medical equipment and related inputs
- Avoid beggar-thy-neighbor policies to help countries fight the pandemic

**Regional cooperation**
- Establish a regional or subregional public health emergency fund
- Coordinate debt relief or deferral of debt payment
Investing in public health emergency preparedness and social protection should constitute *medium-to-long-term measures.*

**Investment needs in health emergency preparedness: Asia-Pacific developing countries**

Source: ESCAP estimates, based on WHO SDG Health Price Tag.
Social Pillar

- Countries with established universal health care and universal social protection systems are better positioned to address the pandemic.

- Vulnerable population groups must be placed at the centre of all social policy reform packages in the short- and medium-term.

- In long term, countries should invest to enhance emergency preparedness and strengthen social protection in order to enhance resilience of economies and minimize impact of potential health emergencies in future.

- Digital connectivity is making social distancing possible without social isolation. Investments need to be stepped up to reduce the digital divide.

- Regional Cooperation can promote enhanced collaboration on health care related R&D so that vaccines and medicines can be developed quickly and made available for the benefit of all countries in the region.
Public spending on social protection remains low… must be stepped up in the wake of COVID-19
Underlying inequalities are exacerbating the challenges posed by COVID-19

- 400 million live on < 1.9 $ per day
- 800 million live on > 1.9 $ but < 3.2 $ per day
- 1.5 billion have no access to improved sanitation
- 1 billion work in vulnerable jobs
- 60% without any social protection coverage
People in vulnerable situations such as older persons, women, disabled and migrants are most at risk

The region hosts large numbers and proportions of older persons

Source: ESCAP, 2020 Population Data Sheet (forthcoming)
Short- and long-term measures to help people

- Provide immediate testing and treatment to persons “at risk” at no cost
- Provide (or scale up existing) immediate social protection measures (or provide short-term relief)
- Establish universal health care and universal social protection systems
- Place vulnerable groups at the center of these systems
- Invest in emergency preparedness
- Strengthen regional cooperation in R&D for the benefit of all
“No country can do it alone. More than ever, governments must cooperate to revitalize economies, expand public investment, boost trade, and ensure targeted support for the people and communities most affected by the disease or more vulnerable to the negative economic impacts – including women who often shoulder a disproportionate burden of care work.”
COVID-19 IMPACT ON WOMEN

In Asia and the Pacific

Women will continue to shoulder a disproportionate and increasing burden of care.

Women are at increased risk of gender-based violence.

Women in vulnerable employment may fall back into poverty.

Access to health services for women may dwindle.

POLICY MEASURES

In Asia and the Pacific

Support women on the front lines
Promote flexible work arrangements
Provide tailored advice to care takers

Provide psycho-social support
Build resilience to future shocks
Analyze sex-disaggregated data

Target economic recovery efforts to women

Protect essential health services
Promote universal health care
Reduce digital divide to lessen social isolation, induced by social distancing

Source: Produced by ESCAP based on ITU’s World Telecommunication/ICT Indicators Database (June 2019 Edition)
Policy measures that are grounded in the commitment to sustainability, in key economic infrastructure areas such as transport, energy and telecommunication, will not only help fighting the COVID-19, but will also enable the region to pursue its sustainable development and address climate change.

Government stimulus packages and rationalization of fossil fuel subsidies should aim to accelerate decarbonization and greening of the economy, including sustainable mobility. Stimulus packages should not support businesses behaviors that lead to further environmental degradation.

Regional cooperation remains vital to manage and recover from the crisis in a sustainable way. Lack of such policies will undermine the region’s capacity to recover and exacerbate negative fallouts from the outbreak.

Regional cooperation can prevent and mitigate future pandemics, such as the banning trade of wildlife, adopting international sanitary standards, enforcing illegal trade, stopping habitat loss, and addressing climate change.
COVID-19 gives *Environment* a breather; benefits should be locked in:

**Slowdown of economic and social activities is leading to**

- substantive reduction in carbon dioxide and nitrogen dioxide emissions
- reduction in air pollution
- a lower demand for energy commodities
- decline in passenger travel and in transport of goods

**Avoid a rebound that continues the previous carbon intensive pathway**

*Source: NASA*
Although connectivity is the most affected, there is tremendous potential for a structural change

- The outbreak of COVID-19 is expected to cause a loss of $3 billion to the air travel industry in Asia Pacific, drastically impacting the region’s connectivity

- Plunging volume of maritime freight originating from China is followed by slowdown in port calls is occurring worldwide

But we are also seeing the opportunity to shift to more resilient and sustainable transport and logistics solutions (rail, intermodal and automated terminals) and a more responsible mobility.

Source: ClipperData, quoted in UNCTAD, 2020
COVID-19: an unprecedented crisis but a familiar challenge

• Policy measures grounded in sustainability, for key economic infrastructure areas such as transport, energy and telecommunication, will help tackle COVID-19, but also enable each region to pursue sustainable development and deal with climate change.

• Robust and comprehensive environmental policies may prevent and mitigate future pandemics; simultaneously banning trade of wildlife, harmonizing standards across each region and addressing the interacting threats due to illegal trade, habitat loss, climate change, and different sources of pollution by developing collaborative policy frameworks.

• Regional cooperation in Asia and the Pacific remains vital for supporting consistent, coordinated and evidence-based infrastructure policies across the region, enabling it to manage and recover from the crisis in a sustainable way. Lack of such policies will undermine the region’s capacity to recover and exacerbate negative fallouts from the outbreak.

• Regional cooperation should focus on collaborative efforts, exchange of best practices and lessons learned and careful examination of the short- and long-term impact of implemented or anticipated travel and freight transport restrictions. It will also play a defining role in bridging the divide in infrastructure connectivity, ensuring that no country or territory is left in the COVID-19 fight and recovery.
Scaling up **ESCAP’s Regional Cooperation Mechanism** to include pandemic preparedness, better recovery and resilience

- **Pooling of regional resources, technologies and innovations** (risk analytics, tele-medicine, tele-education remote learning)
- **Complement regional/sub-regional initiatives** (i.e. SAARC Emergency Fund) for combatting the COVID-19
- **Broadening cooperation** between SAARC, the Shanghai Cooperation Organization and other sub-regional co-operation
Strengthen regional cooperation in geospatial data sharing for global health and mitigation of pandemics:

**ESCAP’s Asia-Pacific Plan of Action on Space Applications (2018-2030)**

**Social Development: SDG 3 (Good health and well-being)**
- Research on how global, navigation and communication satellite systems, can be used to minimize the spread of health epidemics.
- Promote regional cooperation by leveraging existing mechanisms to share data and exchange expertise on big data analytics to contain present and future spread of disease and pandemics.
- Develop capacity to map health risk hotspots using geospatial information and big data.

**Disaster Risk Reduction and Resilience: Sendai Framework for Disaster Risk Reduction**
- Research on tele-health solutions using space technology applications to improve capacity of vulnerable countries to prepare for, mitigate and respond to emergency health situations.