

# The Impact and Policy Responses for COVID-19 in Asia and the Pacific



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## Introduction

COVID-19 is spreading across the world at alarming speed. This is an unprecedented crisis and calls for unprecedented measures. It is affecting the global economy, hitting manufacturing and service sectors alike, with huge impacts on the labor force. Its impact on vulnerable individuals and households who are already bordering poverty may widen inequality gaps and even entrench people in poverty.

The impact of COVID-19 in Asia-Pacific is tremendous due to the concentration of economic activities, demographics, urbanization, and difficult progress on SDGs. With more than two-thirds of global population, the world's most populous cities, the bulk of the world's industrial activities, energy supply and consumption, and with 46 million migrants, the crisis has shown how tightly the Asia-Pacific region is woven into the economic and social fabric of the world. However, it also shows how quick action, steadfast policies and innovation, displayed by several Asian countries, can effectively deal with this unprecedented outbreak.

This note summarizes the key impact of COVID-19 in the Asia Pacific region and suggests some short- and medium-term recommendations for consideration by member States. The note approaches the recommendations through the prism of sustainable development, addressing the economic, social and environmental pillars. It highlights the need for regional cooperation and coordination amongst countries in the Asia Pacific region.

## Economic Pillar - Impact and Policy Responses

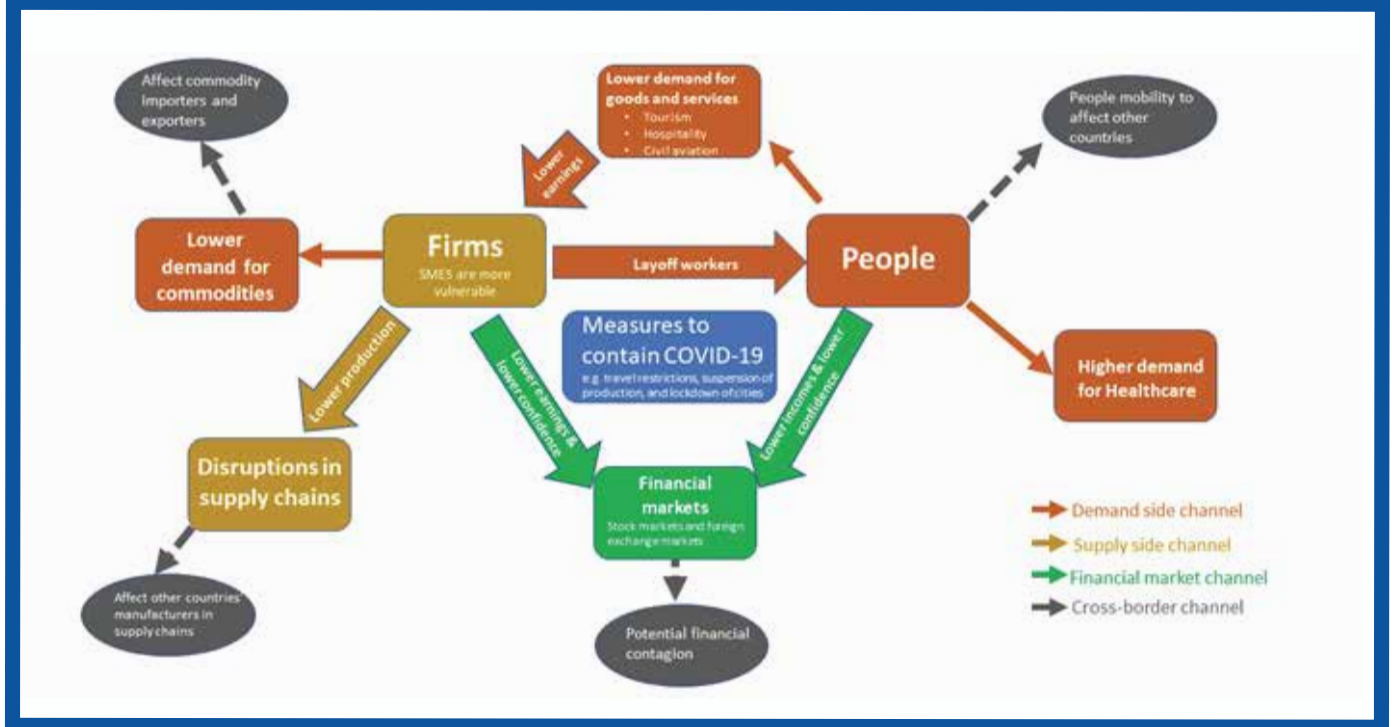
### Messages:

- 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.

# Expected economic impacts of COVID 19

The initial measures to contain the spread through quarantines, travel restrictions and lockdown of cities has resulted in a reduction in aggregate demand, with particular impacts on service sectors such as tourism, retail, hospitality, and civil aviation. International demand for commodities also fell, especially for oil, further contributing to economic and financial uncertainty and instability (figure 1).

Figure 1. Channels of COVID-19's impact on economies



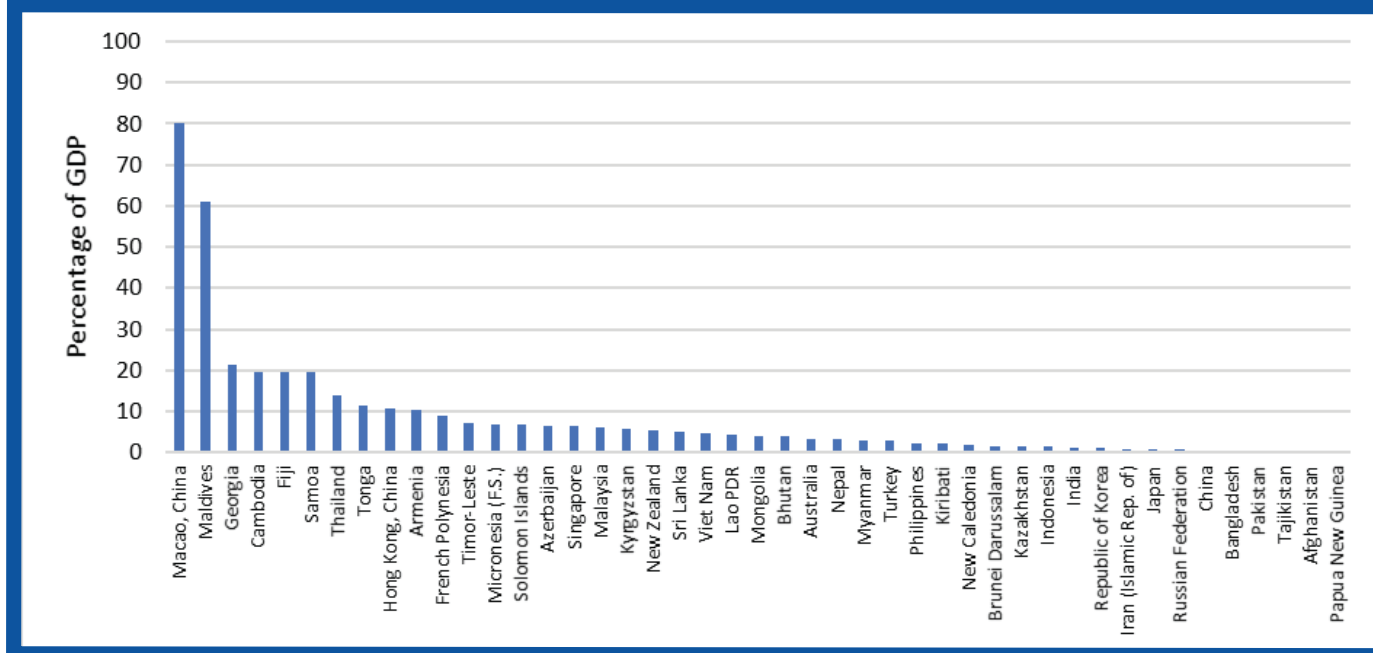
Source: ESCAP.

While many estimates have been provided recently on the economic impact of COVID-19 pandemic, without exceptions they highlighted that the impact will be bad – but the degree to which it will be bad remains highly uncertain. One most immediate and impact will be on the services export sector, more specifically, travel (which includes international accommodation services, food-servicing services and other tourism-related services). As countries scramble to close their borders, the long-term impact will depend entirely on how long the global travel lock-down will be.



Figure 2 depicts the share of travel services exports in Asia-Pacific economies' GDPs (for which data is available, latest years). As clear, Macao, China and Maldives are in most dire positions, followed largely by small island developing states in the Pacific, as well as countries in Central Asia and Southeast Asia.

**Figure 2. Share of travel services exports in GDP in Asia Pacific economies, latest years (percentage)**



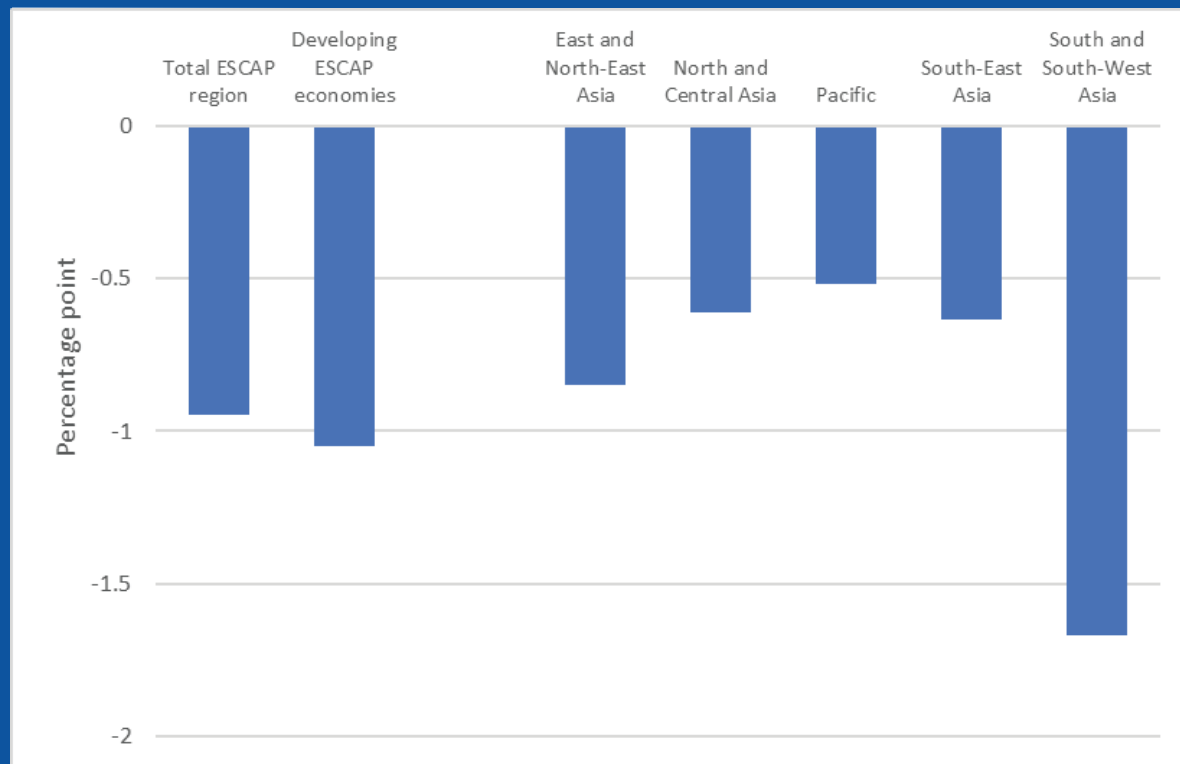
Source: ESCAP, based on data provided by Global Trade Alert (GTA), 20 March 2020.

Travel restrictions, lockdowns and suspension of production activities disrupted labor movement and supply chains. Sectors which rely heavily on extended supply chains, such as automobiles, pharmaceuticals and electronics, are under stress due to supply shortages. In China, travel restrictions also created difficulties for workers to return to work after the New Year holidays and delayed the restart of production.

While the pandemic is still developing and the the actual economic impact has yet to be fully revealed, the deceleration in GDP growth could be significant. In addition, the fallout would be uneven across countries depending on their current economic conditions and the exposure to COVID-19. Prices are expected to increase, largely temporarily, especially for daily essentials and medicinal products. For instance, acute demand for surgical masks and personal protective equipment has led to skyrocketing prices in some countries, in particular on e-commerce platforms.



**Figure 3. GDP Growth decline in Asia and the Pacific Region due to COVID-19**



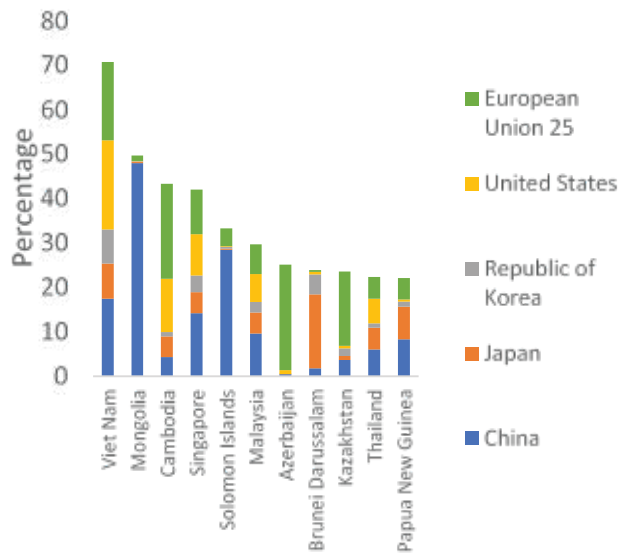
Source: ESCAP estimates.

Note: The GDP growth differences are based on GDP growth forecasts on 27 November 2019 and 10 March 2020.

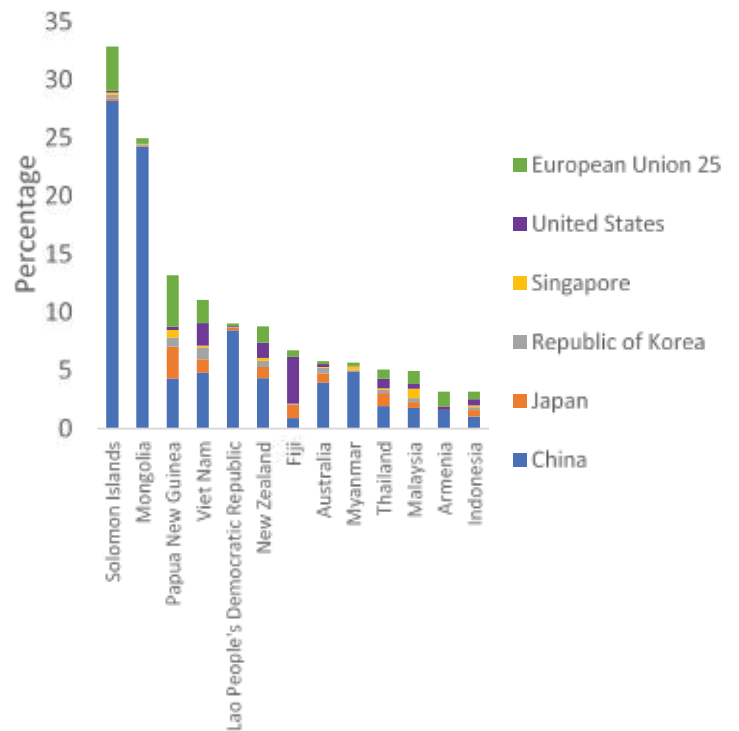


**Figure 4. Economic losses due to COVID-19 would be uneven across countries depending on their exposure**

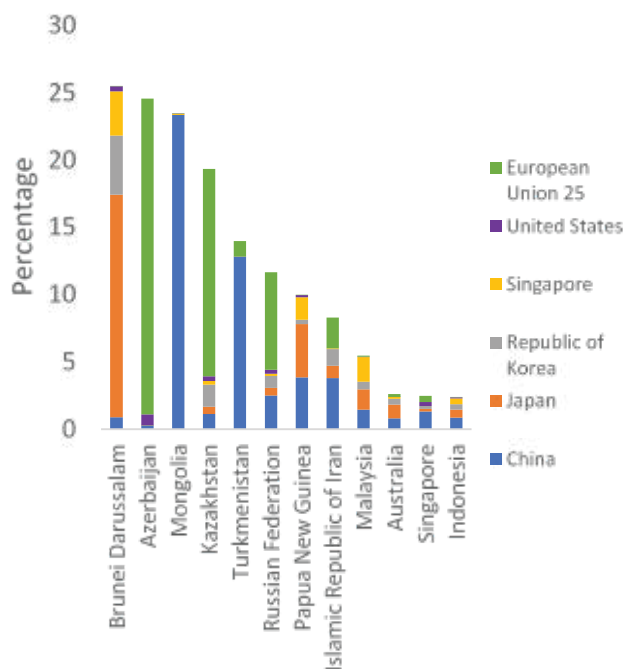
**a. Total exports to major trading partners, as a share of GDP**



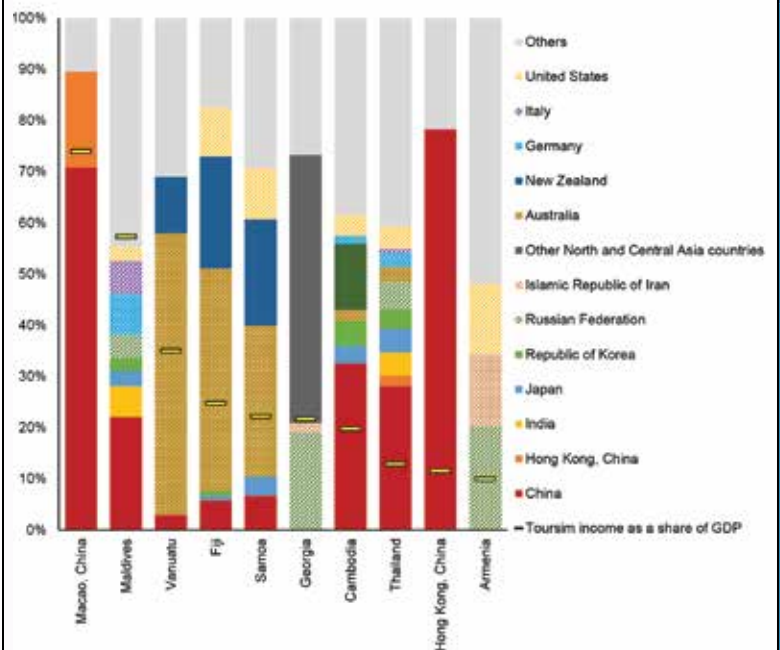
**b. Primary commodity exports (excluding fuel) to major trading partners, as a share of GDP**



**c. Fuel exports to major trading partners, as a share of GDP**



**d. Tourism revenue as a share of GDP and source of tourist arrivals by nationality**



Source: Panels a–c: 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)). Panel d: ESCAP calculation based on CEIC and World Tourism Organization (accessed on 9 March 2020).

Traditional services sectors, such as tourism, retail, hospitality, and civil aviation, and some labor-intensive and supply-chain-based manufacturing are taking an immediate hit, resulting in increased layoffs and unemployment. Although exact data of the impact of the pandemic on employment is not yet available, the impact is likely to be substantial as services and labor-intensive manufacturing comprise over 80 percent of the region's informal sector and small and medium enterprises (SMEs) and contribute to most of the jobs in the region. The economic fallout of COVID-19 has only begun, but already resulted in a sudden decline in revenue across sectors. Unable to absorb the costs of these shocks, small and medium-sized enterprises, and especially the informal sector, are particularly vulnerable. However, the pandemic has created additional demand for internet-based economy sectors, such as online shopping or education, as well as for medical services. Policies to reduce job market frictions and facilitate labor adaptation to these job opportunities would be needed, once the pandemic is controlled.

Prioritizing the welfare of their own citizens, countries are engaging in beggar-thy-neighbor policies, by denying the most vulnerable countries access to vital tools to fight the pandemic. In this regard, countries' tariff and non-tariff measures as well as export ban, especially those imposed on medicinal and related product, could slow actions to contain the virus. Global Trade Alert (2020)<sup>1</sup> reported that the vast majority of governments maintain import taxes or restrictions on medical supplies, and many more governments are taking steps to ban or limit the export of medical equipment and medicines since the beginning of 2020.

1. <https://www.globaltradealert.org>

## Short-term Fiscal and Monetary measures

*Immediate measures to contain COVID-19.* Large and well-targeted emergency fiscal support is required to contain the spread of the disease and cope with the burden of extra patients and testing. Most affected countries of the region have provided fiscal subsidies for medical testing and treatment of the disease as well as fiscal support for emergency public interventions to increase hospital capacity and medical supplies. Some national and local governments have also provided monetary incentives to encourage public cooperation for quarantine efforts. Government should be prepared to show flexibility in their budgets to effectively use available fiscal resources to respond to the pandemic.<sup>2</sup>

*Immediate measures to ease the shock to jobs and guarantee minimum living standards.* Fiscal measures to support jobs and living standards are needed on two fronts: (i) fiscal support for employers to retain jobs, and (ii) direct support for the employees and households to guarantee minimum living standards. The former includes targeted tax exemptions and fiscal subsidies to SMEs, the informal sector and the most affected businesses for business and employment continuity. The latter includes emergency measures to extend medical and employment insurance to those not sufficiently covered or to provide direct cash transfers for consumption smoothing. There are various examples of such policies already being implemented in the region.

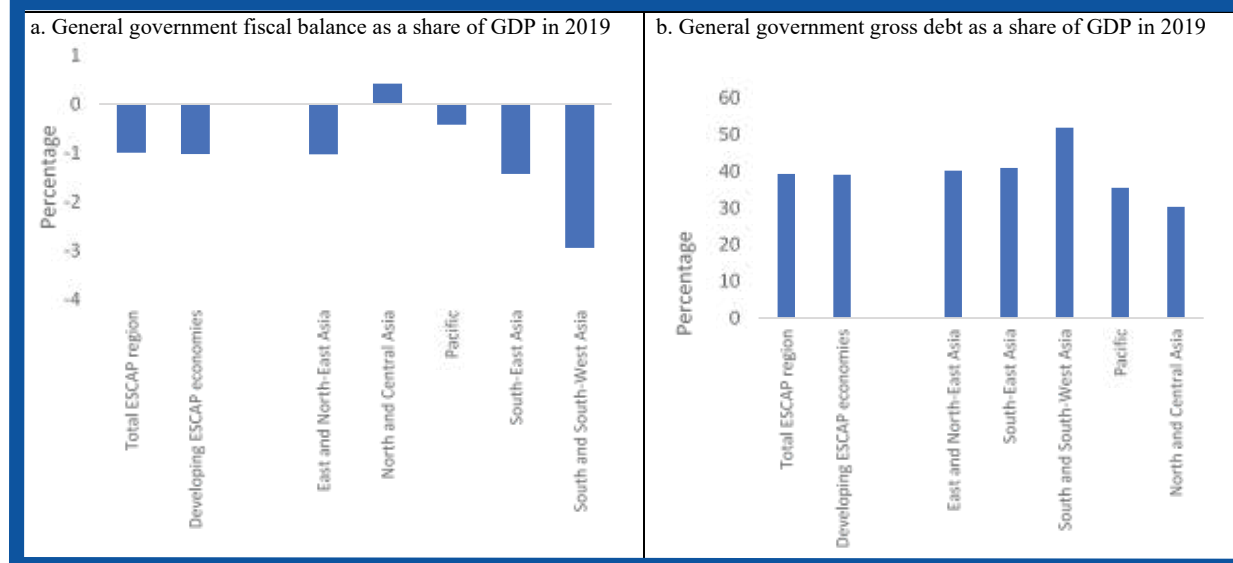
- *China* has focused on supporting SMEs by waiving or delaying their social security contributions and deferring land-use rents and property tax.
- *Japan* is supporting SMEs by providing wage support and consultative services.
- *Hong Kong, China* and *Singapore* have rolled out specific funds to subsidize sectors, including retail, food, transport and tourism and support low-income households.

*The good news is that the region has ample policy space.* Most countries in the region have relatively low levels of fiscal deficit and public debt (as a share of GDP), which provides room for expanded fiscal spending. In 2019, the median public debt-to-GDP ratio in developing Asia-Pacific countries was around 40 percent and median fiscal deficit was around 1 percent (figure 5).

**2. Such as subsidized medical/household supplies to quarantined people/families, compensation for salary losses due to compulsory quarantine (Singapore), monetary incentives for self-reporting (Singapore and certain Republic of Korea/Chinese provinces and cities).**



**Figure 5. Asia and the Pacific has ample policy space for expanded fiscal spending**



Source: ESCAP calculation based on IMF World Economic Outlook Database (as of October 2019) (accessed on 23 March 2020).

Note: The bars illustrate the median value for each group.

*Targeted monetary easing to support financial health.* Monetary policy should be directed at supporting the health and stability of the financial sector. This can be done by supplying sufficient liquidity to the banking system. Implementing this measure would require reduction in interest rates by central banks. Targeted financial support through subsidized loans can also be directed to SMEs in affected sectors, that are most vulnerable to financial stress. Other financial measures can include targeted credit support for companies that directly participate in pandemic control, and emergency loans and credit guarantees to address supply chain disruptions.

There are various examples of such policies in the region.

- *China* has implemented targeted cuts in the reserve requirement ratio and the re-lending program to guide funds into small companies, the private sector and manufacturing.
- *China's* central bank provides targeted credit support for companies that directly participate in pandemic control, such as those in the healthcare sector.
- *Japan* has introduced emergency loans and credit guarantees for SMEs to address supply chain disruptions and particularly those in the tourism sector.
- *India's* central bank has introduced measures to pump liquidity to increase access to credit for the pharmaceuticals, construction and tourism industries.

Facilitate availability of key medicinal products. The increase in demand for medicinal products and protective gear could lead to higher prices. A best practice to counter this is through rationing, for instance, face masks (as done in Republic of Korea). Priority should be given to the healthcare sector, particularly in the existing and emerging hotspots. Hoarding of and price gouging of critical supplies should be strongly dealt with. In this regard, cooperation with the private sector is paramount. For instance, Facebook and Google have banned ads for face masks, and eBay and Amazon actively scrutinize listings for hand sanitizers, wipes and face masks. While increase in short-run prices are expected, governments should incentivize production by diverting funds from other, less urgent expenditures.

# Trade policies towards Imports and Exports

*Remove tariffs and unnecessary non-tariff measures on the imports of essential medicines, medical equipment and related inputs.* Governments in the region and beyond should urgently review existing trade regulations, both tariff and non-tariff, to ensure timely access to affordable and trustworthy medicinal and related products. Table 1 provides a list of categorized health products that could be a useful starting point to review import bottlenecks. Removing trade impediments for medicinal products could be an immediate low-hanging fruit for governments.

**Table 1. The universe of "health products"**

PHARMACEUTICAL INDUSTRY	OTHER INDUSTRIES
A1 Dosified medicines	B Chemical inputs of general purpose
A2 Bulk medicines	C1 Hospital and laboratory inputs
A3 Inputs specific to the pharmaceutical industry	C2 Medical technology and equipment

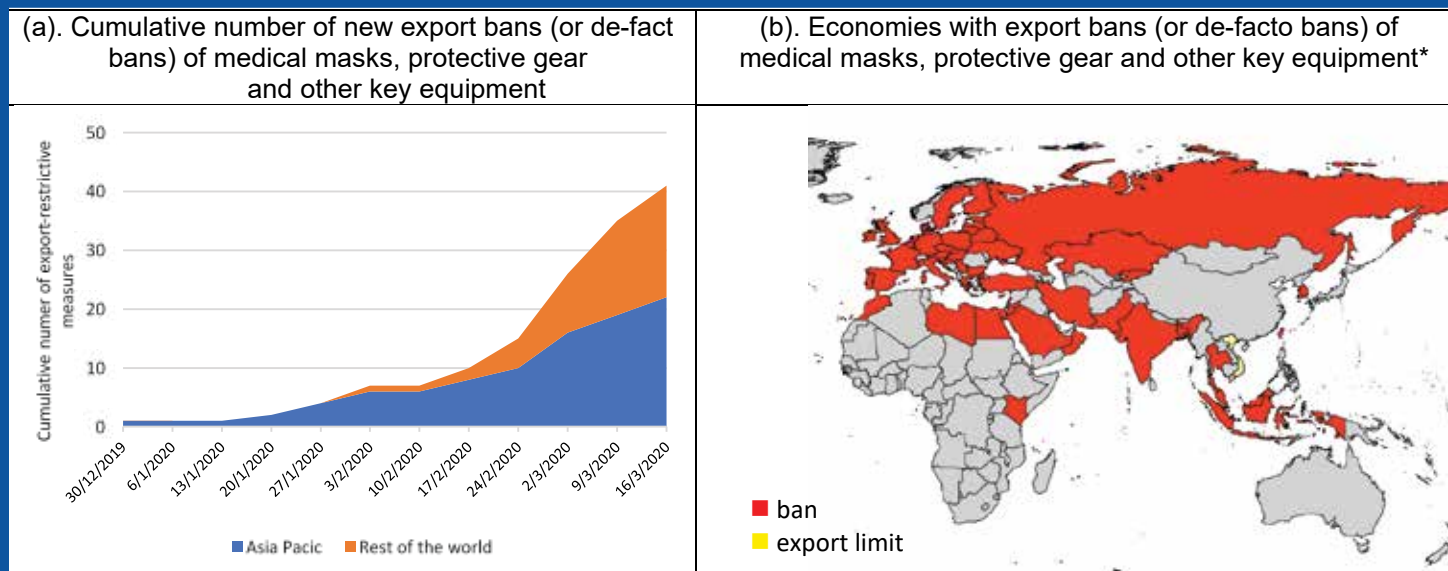
Source: Helbe, 2012<sup>3</sup>

Some countries in the region have already scrutinized their inbound trade regulations on health products. For example, the Government of Thailand recently removed an excise tax on medicinal alcohol for use in hand sanitizers.

*Avoid beggar-thy-neighbor policies to help countries fight the pandemic.* A knee-jerk reaction in many countries has been to limit the exports of key medical supplies, most notably medical face masks (see figure 6). Since the beginning of 2020, many governments have taken steps to ban or limit the export of medical equipment and medicines. The key argument has always been that countries have to prioritize the welfare of their citizens. While understandable, such measures deny the most vulnerable countries access to vital supplies to fight the pandemic. It is recommended for countries to realistically assess their critical need of supplies and work collaboratively to meet the needs of those in need and those without productive capacity. After all, this pandemic has shown that uninhibited spread in one region has a very real impact on others.

3. Helbe, M (2012). More trade for better health? International trade and tariffs on health products. WTO Staff Working Paper ERSD-2012-17. Available at [https://www.wto.org/english/res\\_e/reser\\_e/ersd201217\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd201217_e.pdf)

**Figure 6. Export bans (or de-facto bans) of medical masks, protective gear and other key medical equipment**



Source: ESCAP, based on data provided by Global Trade Alert (GTA), 20 March 2020

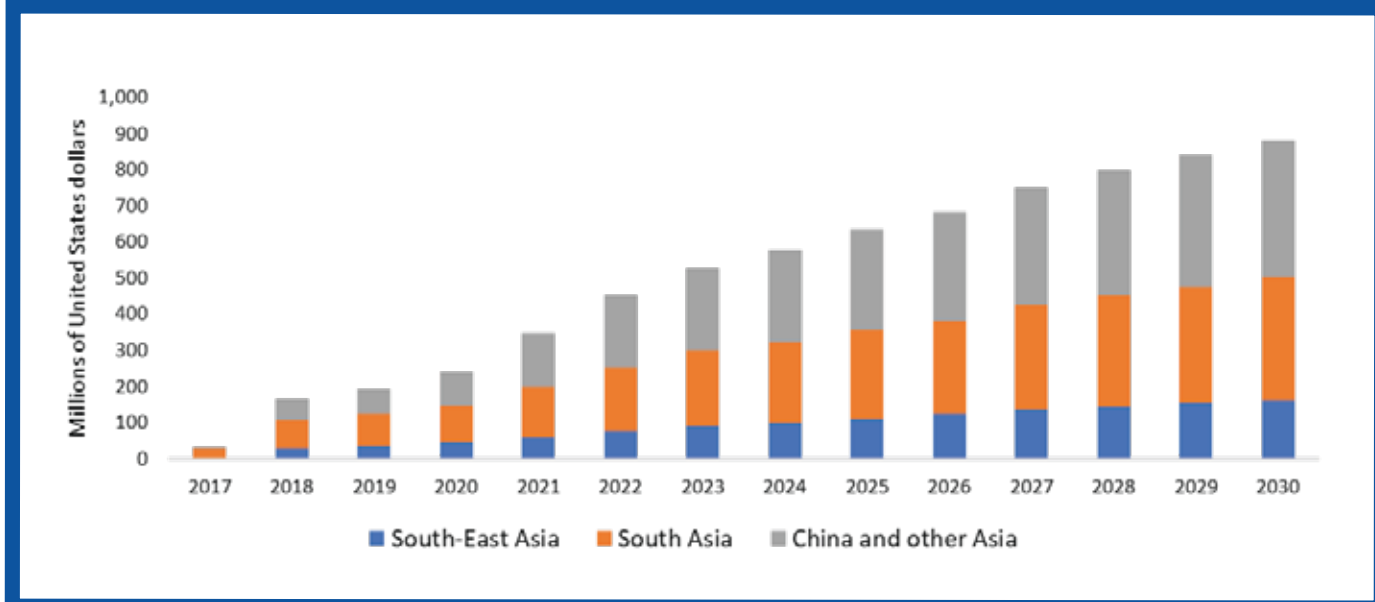


\*The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

## Long-term fiscal measures

The crisis has shown the need for ex-ante emergency preparedness to minimize economic impacts in future. ESCAP (2019) estimated that the region needs to invest an additional \$880 million annually by 2030 in emergency preparedness, risk management and response, as part of overall strengthening of the health system (figure 7). Such affordable investment can improve effectiveness in dealing with such crises to contain economic losses and, more importantly, save human lives. More generally, developing Asia-Pacific countries should invest an annual additional \$158 billion by 2030 to provide universal health coverage (Goal 3). More than two thirds of this additional investment would be spent on health systems, mainly infrastructure and workforce and to a lesser extent, supply chain and information systems.

**Figure 7. Investment needs in health emergency preparedness: Asia-Pacific developing countries**



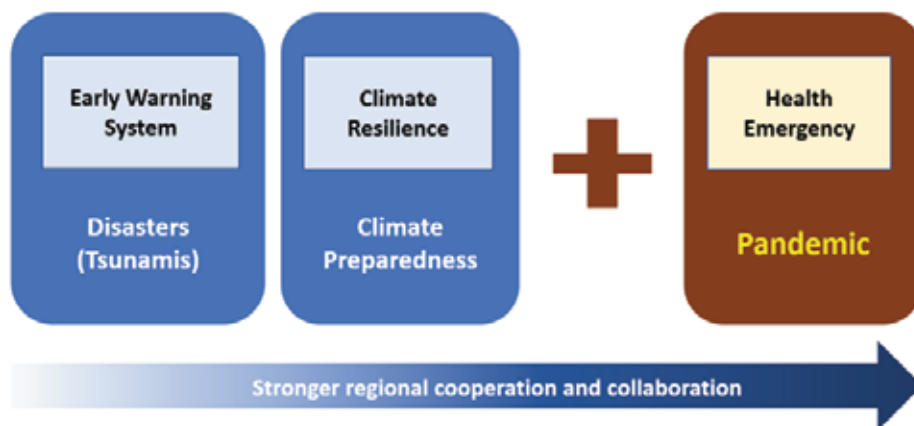
To minimize the social impact of such crises in future, social protection should be strengthened. Social protection serves as an automatic stabilizer, i.e. when unemployment rises and people's incomes decline, it would kick in to protect the most vulnerable. ESCAP (2019) estimated that establishing a social protection floor aimed at ensuring minimum income guarantee over the life cycle in the developing Asia-Pacific region requires an annual additional investment of \$317 billion, or 1 per cent of the region's GDP.

The policy response should put people first, before economic recovery. Investments in people will support the economic recovery. Indeed, in the context of estimating SDG investment requirements for Asia and Pacific, ESCAP's advice to member States has been to prioritize investments in people (\$669 billion) and planet (\$590 billion), over and above prosperity (\$196 billion). Specifically, the bulk of the investment needs to be directed towards providing universal health coverage and a social protection floor.

# Regional Cooperation

*Establish a sub-regional/regional public health emergency fund.* To contain COVID-19, cure infected people and develop vaccines require financial resources. Not all countries in the region can achieve this by themselves. A public health emergency fund can help mobilize financial resources at the regional level and provide targeted support for countries that are most affected by the virus. In this regard, India proposed the establishment of a COVID-19 emergency fund under South Asian Association for Regional Cooperation (SAARC) and offered an initial contribution of US\$10 million. This entails the pooling of sub-regional resources for rapid response teams of doctors and specialists along with testing kits and other equipment and for the sharing of knowledge on quarantine and technologies. The United Nations, including ESCAP, could be a suitable platform to manage an emergency fund, to bring stakeholders together, including member States, regional intergovernmental organizations, multilateral development banks, the private sector, philanthropies, and civil society.

## 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

*Coordinate debt relief and/or deferral of debt repayments.* A large, targeted and unconditional fiscal stimulus is crucial to effectively respond to the pandemic. Public spending on health will have to increase, ensuring that health facilities and services are adequate to meet demand. To this end, budgetary positions should show flexibility in coming up with needed resources. Similarly, investments will also need to be scaled up to deal with such crises in future. All such measures need fiscal space and may lead to increases in budget deficit and public debt. While the region as a whole has ample fiscal space, some countries have high budget deficits and debt management challenges. For those with high debt levels and high debt servicing costs, regional coordination is needed for debt relief or deferral of debt repayments. Such measures could be coordinated with multilateral organizations like the IMF and ADB.

# Social Pillar: Impact and Policy Response

## Messages:

- 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

*As COVID-19 spreads across the world, the limits of health care systems are being tested.* Governments' capacities to detect the disease, monitor, treat and contain, and keep the public informed will reflect the condition of the health system prior to the outbreak. A well-designed and universally accessible health system will prove more effective and successful in this regard.

When it comes to the indirect impacts of the outbreak, massive layoffs and falling levels of production and consumption are expected. To weather the storm and bounce back stronger, governments need to protect their people from financial hardship, while maintaining a certain level of domestic aggregate demand. A comprehensive and well-coordinated universal social protection system will help mitigate disruption and cushion the negative impacts of the pandemic.

*People in vulnerable situations are at disproportionate risk to the COVID-19.* Livelihoods for the vast majority of the region's people depend on low and irregular income. Many are poor or near poor, living in rural areas or urban slums with limited access to basic services such as water and sanitation. Any short or long-term social policy measures must therefore have these groups at heart.



## Underlying inequalities

*Health inequalities abound in the Asia Pacific region.* Around 400 million people still live below the international poverty line of \$ 1.90 a day and more than 1 billion live on less than \$ 3.20 a day. These individuals are much less capable to protect themselves against the new virus: they often live in crowded flats or urban slums, where disease is likely to spread faster. Many also work in congested markets and factories where hygiene is not a priority.

While 1.6 billion people lack access to basic sanitation, an estimated 260 million also lack access to clean water at home. These people are deprived of the most basic and effective prevention measure against the virus currently available: frequent handwashing. ESCAP research finds that households that lack access to basic clean water and sanitation usually are poorer and less educated. They therefore tend to be less informed of the need to enhance their hygiene habits. Many more are lacking access to affordable health care. Estimates indicate that over 4 in 10 people in the region have no access to health care. The spread of COVID-19 as well as disease detection, treatment and recovery are therefore hard to predict.

Over 60 percent of the Asia-Pacific population also lack access to social protection, as do most of the 70 percent of all workers in the informal sector. Without sickness benefits, many cannot afford to stop working even when sick, which will likely exacerbate their medical condition and increase transmission to the general public. Without social protection, families are facing significant challenges in weathering this epidemiological crisis.

### Poorly detected, supported and treated

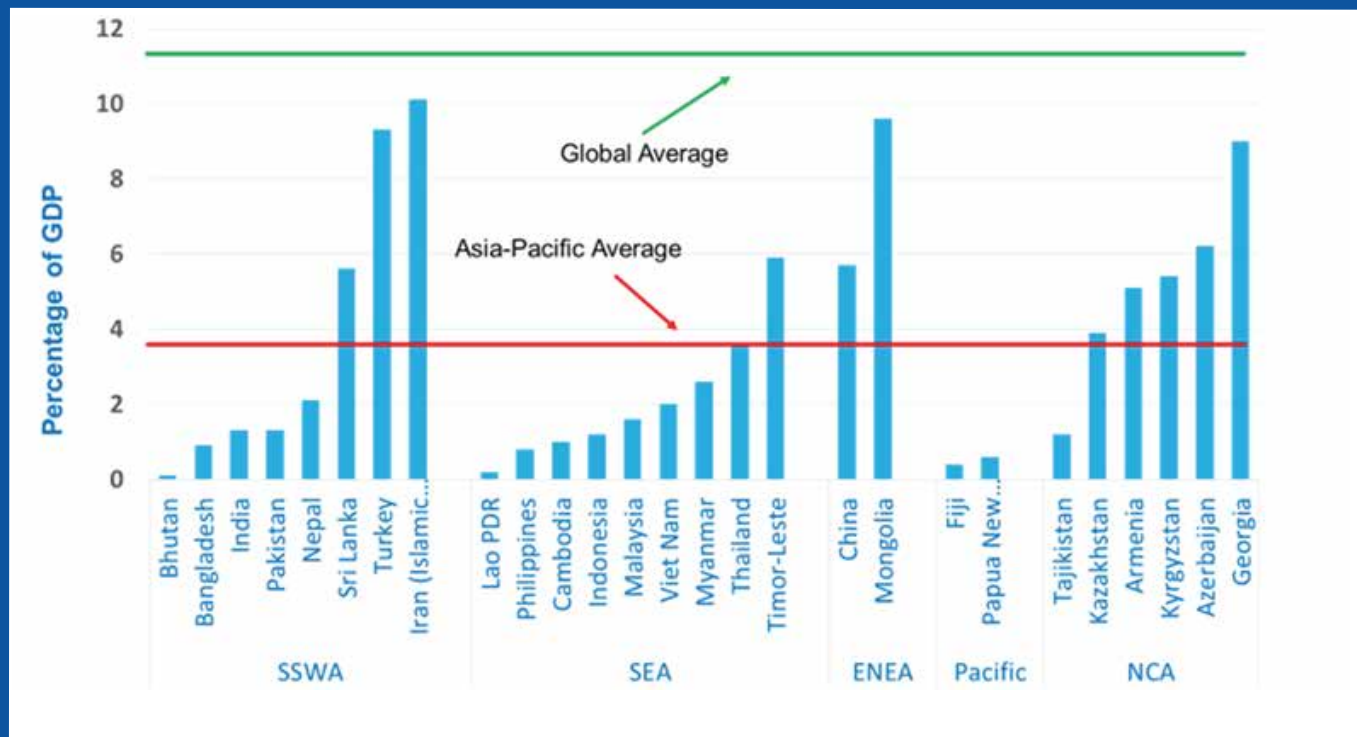
*More testing saves lives and prevents new infections.* Without access to affordable health care and testing kits, many people in the region, in particular the poor and vulnerable, may not get tested. Quarantine measures that result in loss of income also have a disproportionate impact on low-income and informal workers. This compromise detection and containment of the virus. Universal health care and social protection benefits can support quarantine efforts, detection and treatment.

People without access to universal health care use their savings, if they have any, to pay their medical bills. Most Asia-Pacific countries have higher out-of-pocket expenditures for health care than the rest of the world. Without public health-care provision, many people remain untreated. To date, commitment to universal health care has been low in the region. Developing countries spend only about 2 percent of GDP on health, compared to the global average of 4.7 percent. In the region, only a handful developing countries, including Bhutan, China, Georgia, Maldives, Sri Lanka and Thailand, have established universal health care systems. In most of the region's other developing countries, people remain unprotected.





Figure 9. Spending on social protection as share of GDP, latest year

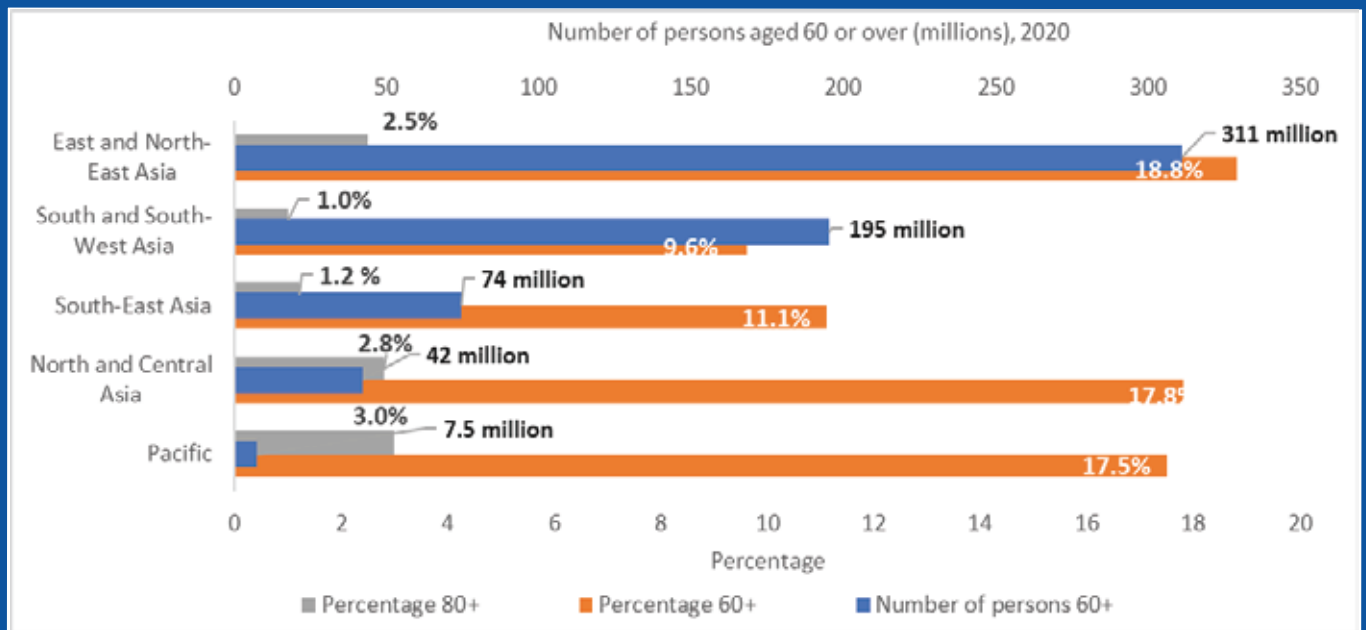


Source: ILO (2017), World Social Protection Report 2017-2019.

## People in vulnerable situations are most at risk

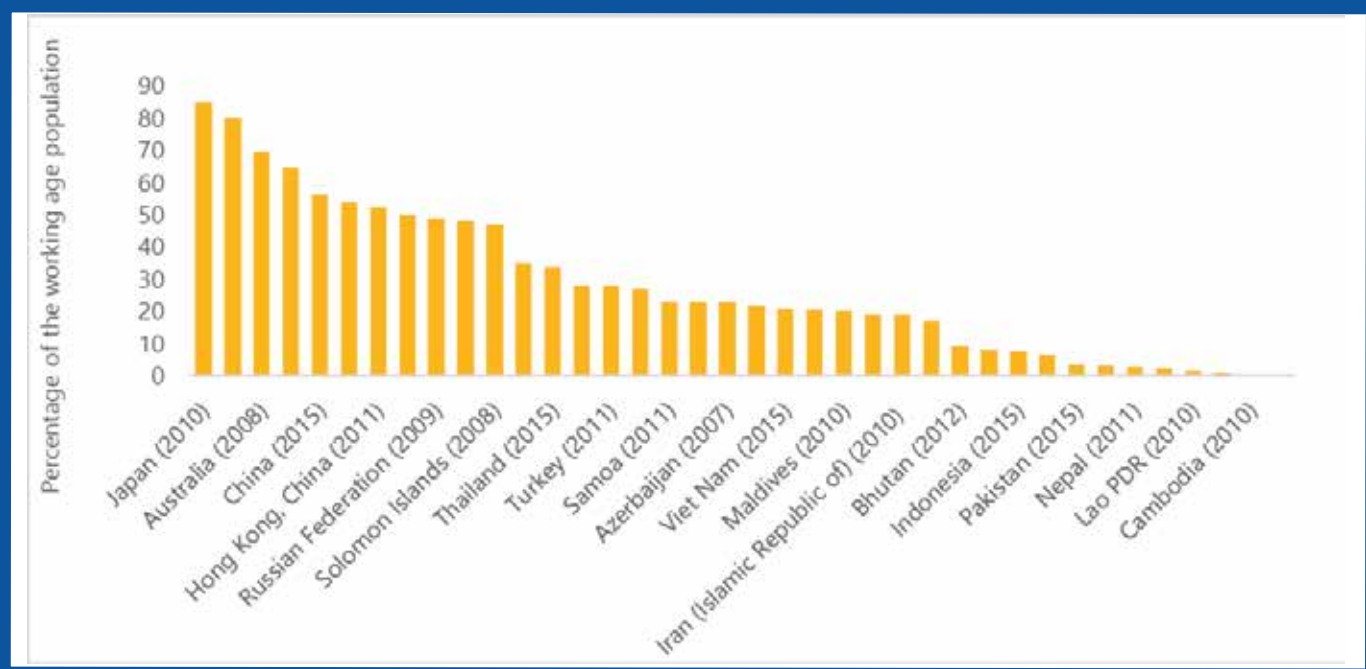
People in vulnerable situations are particularly at risk to the outbreak of COVID-19 due to their health and overall social and economic circumstances. Older persons, for example, have apparently been disproportionately affected by this outbreak. Death rates in older persons range from 20 to 40 times that of the rest of the population. For older persons, the virus poses a greater risk not only because of underlying health conditions that make them more susceptible and vulnerable to the disease, but also because they often find themselves alone, with caregivers and family members unable to support them. This situation is exacerbated by the fact that many older persons in Asia-Pacific lack social protection. Social distancing will make it more difficult for them to obtain news and information, especially because many are unfamiliar with or have no access to computers and smartphones. Older persons may also be significantly affected by the economic impacts of COVID-19, with some of them may risk losing their life's savings or overall financial security overnight due to the global financial turmoil. Because of rapid population ageing throughout the region, many governments face significant challenges in providing the needed care, particularly in times of a sudden onset of a pandemic.

**Figure 10. Asia-Pacific hosts large numbers and proportions of older persons (65 year or older)**



Source: ESCAP, 2020 Population Data Sheet (forthcoming)

**Figure 11. Coverage of pensions is low in most countries of Asia-Pacific (Effective coverage of pensions as a percentage of the working-age population, latest available year)**



Source: International Labour Organization, Social Protection Report 2017-2019

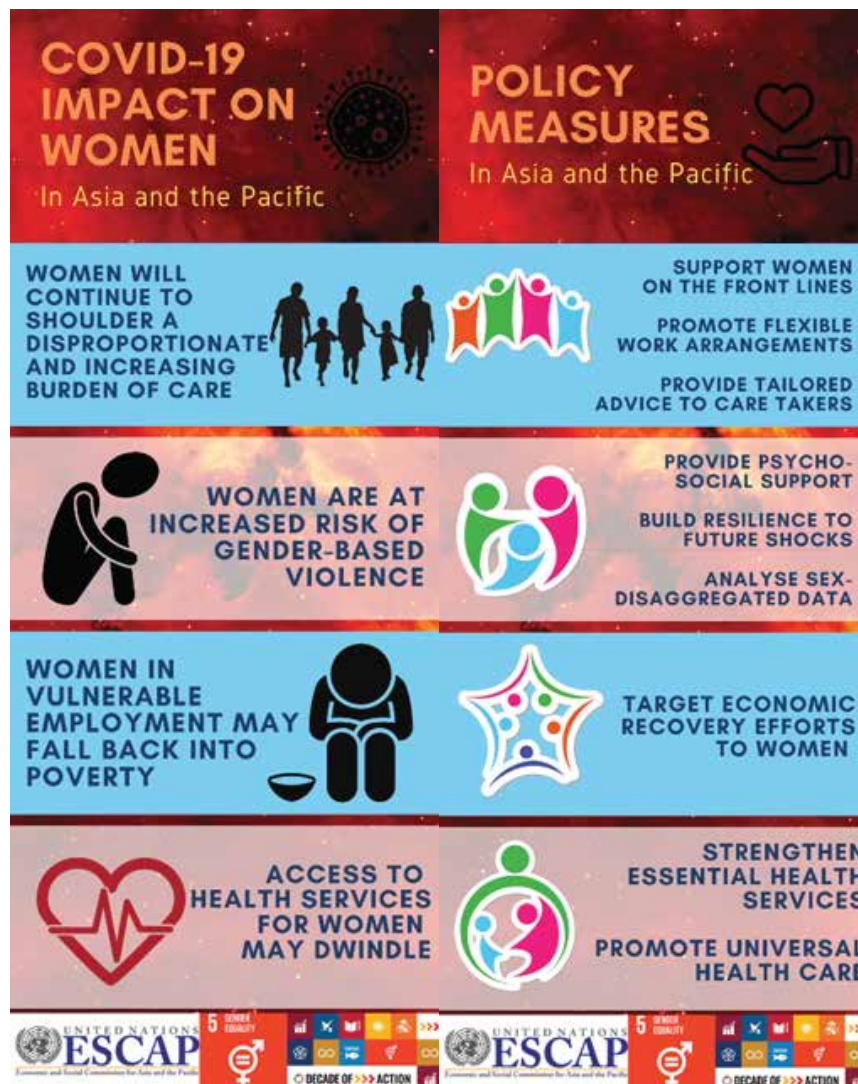
There are 690 million persons with disabilities in Asia-Pacific. In situations where entire cities and even countries are going into total lockdown with citizens not allowed to leave their homes, access of persons with disabilities to basic services will be impacted much more than of the general population. Many such persons are poor and in vulnerable employment without adequate social protection. Their livelihoods and wellbeing are therefore at a serious risk. To address their specific vulnerabilities, governments will need to develop specific strategies.

Migrant workers have also been hit hard by the outbreak of COVID-19. This is for example the case for the many female domestic workers employed in the region who are at heightened risk of exposure to the disease due to the work they perform, while facing ongoing financial, administrative, cultural and legal barriers to accessing health care facilities for testing, monitoring and treating the disease. Many migrant workers also live in dormitories with poor conditions, which create ideal conditions for transmission of the disease, putting them at an additional risk. Many of them have lost their jobs, are stranded without any social protection, at risk of contracting the disease, and unable to return home due to closed borders.

Early evidence suggests that more men than women are vulnerable to the disease and at risk of dying, possibly due to sex-based immunological or gendered differences, including the prevalence of smoking. However, health-care workers are predominantly women and correspondingly more exposed. In addition, women are often caregivers for both children and older persons and may therefore suffer from both financial and health-related impacts as they struggle to balance formal and non-formal care responsibilities during the crisis. In a region where the majority of women are in vulnerable or informal jobs, many working mothers have little recourse to social protection to support public health measures such as school closures. Pandemics can also increase incidences of domestic violence against women, another serious public health issue. To mitigate these gender-specific risks and vulnerabilities<sup>4</sup>, it is important that governments conduct a gender analysis of the impact of the pandemic to guide gender-responsive and sensitive interventions.



4. [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(20\)30526-2/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)30526-2/fulltext)



Given country-specific circumstances, such as population dynamics or urban-rural linkages, not all countries have been affected equally by the pandemic. For example, countries with a greater share of older persons appear to be particularly affected. Population groups more likely to be smoking and drinking also seem to suffer more than those with healthier lifestyles. In the past, rural areas, as compared to cities, were often shielded from the outbreak of disease due to the greater spread of the population and the availability of food and water. Cities, however, had high population density, lacked safe and reliable sanitation infrastructure, housing and access to clean drinking water and food. Urbanization, with suburban sprawl, closer linkages between urban and rural areas and the emergence of exurbia have made these places not necessarily safer. Particularly a combination of some of these circumstances could have grave consequences for the spread of the disease within and across countries.

# What can be done?

The need for social protection and universal health care is apparent. But it takes time to design, develop and implement well-functioning social protection and healthcare systems and there is no obvious quick fix or one-size-fit-all solution.

For the absence of a universal healthcare system, governments should, as a minimum short-term measure for a crisis of this scale, step up efforts so that people can get tested and treated. Any normal costs for such actions should be removed, particularly for those not in a position to pay.

Measures, including sickness-, unemployment-, occupational injury- and survivor benefits are standard ingredients of a normal universal social protection system. In the absence of such, governments should consider short-term relief measures by, for example, scaling up schemes already available for formal sector workers and public civil servants. Other measures would include ad hoc stimulus packages to support low-income households through unconditional cash transfers as well as to provide small and medium-sized businesses with tax breaks and similar support. Governments across the region such as Cambodia, Japan, the Republic of Korea, Singapore and Thailand are introducing such measures. While these measures are well-intended, their effectiveness and impact will depend on their targeting principles and whether they build on other already existing measures.

When developing these temporary measures for the poor and vulnerable it is crucial to be inclusive and avoid targeting particular groups. Proxy-means-testing approaches almost always fail in reaching those most in need of the support; particularly if administrative data systems of individual incomes and expenditures are not available and regularly updated. These temporary assistance measures also need to pay particular attention to address the needs of women in informal and vulnerable employment and ways to reduce their care burden.

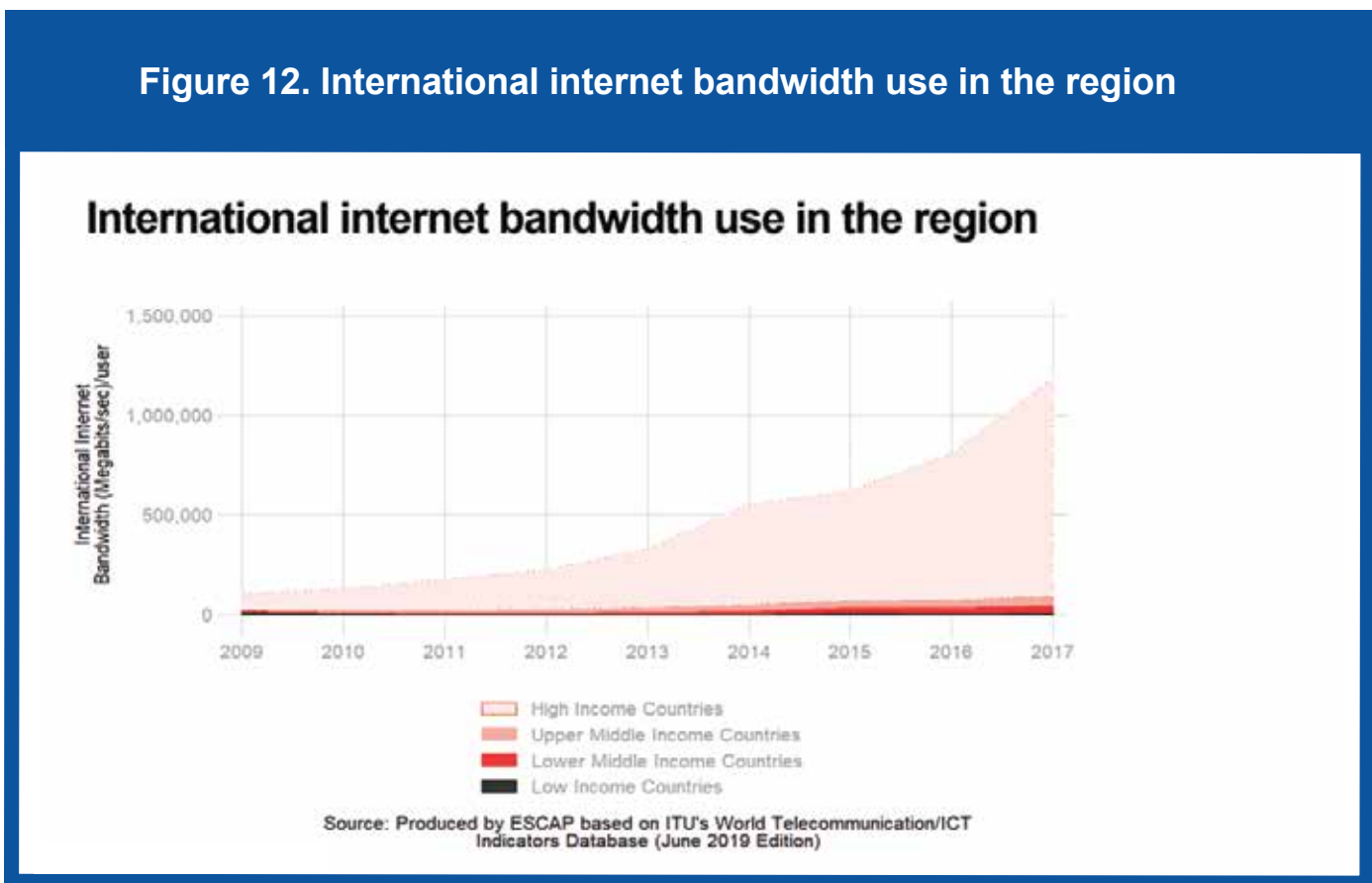
Universal health coverage ensures that all people have access to needed health services (including prevention, promotion, treatment, rehabilitation and palliation) of sufficient quality to be effective while also ensuring that the use of these services does not expose the user to financial hardship. Universal health coverage has therefore become a major goal for health reform in many countries and a priority objective of WHO. This global commitment is also reflected in Sustainable Development Goal 3, Target 3.8. Achieving universal health coverage includes financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. As mentioned above, this cost is affordable.

A virus outbreak of this size is a rare event. Even in developed countries, health care systems, both public and private, are not equipped to deal with a formidable surge in patients. Having basic infrastructure and protocols in place, adequate numbers of trained professionals and well-established public health communication channels are essentials for responding to such an outbreak. Investing in quality primary health care is the cornerstone for achieving universal health care and the most cost-effective way for ensuring access to essential health care<sup>5</sup>.

5. [https://www.who.int/en/news-room/fact-sheets/detail/universal-health-coverage-\(uhc\)](https://www.who.int/en/news-room/fact-sheets/detail/universal-health-coverage-(uhc))

Digital connectivity is making social distancing possible without social isolation, but the digital divide may accentuate social isolation. The use of ICTs will help fight the pandemic by supporting the provision of health care services to underserved or hard to reach populations, such as older persons in rural areas or persons being denied access to hospitals due to overcrowding. ICTs also help people overcome social and mental consequences of social distancing and allow people in the work force to continue to work from home or children to “remain in school”. As Asia-Pacific countries have imposed restrictions on international and domestic travels, close entertainment places, sports clubs and restaurants, universities and schools, and ban large gatherings, digital technologies, more than ever, are connecting people. However, inequality on access to broadband connectivity may hinder effective remote participation. This is particularly worrying for countries that still do not have affordable universal digital connectivity. This is a concern in Asia-Pacific as the region is the most digitally divided, and the divide has expanded over recent years. As COVID-19 turns people-to-people connectivity virtual, those with the least access to vital information, notably on pandemic preparedness and mitigation become more vulnerable. This can amplify the exposure of the poor to the pandemic and propagate new layers of inequality.

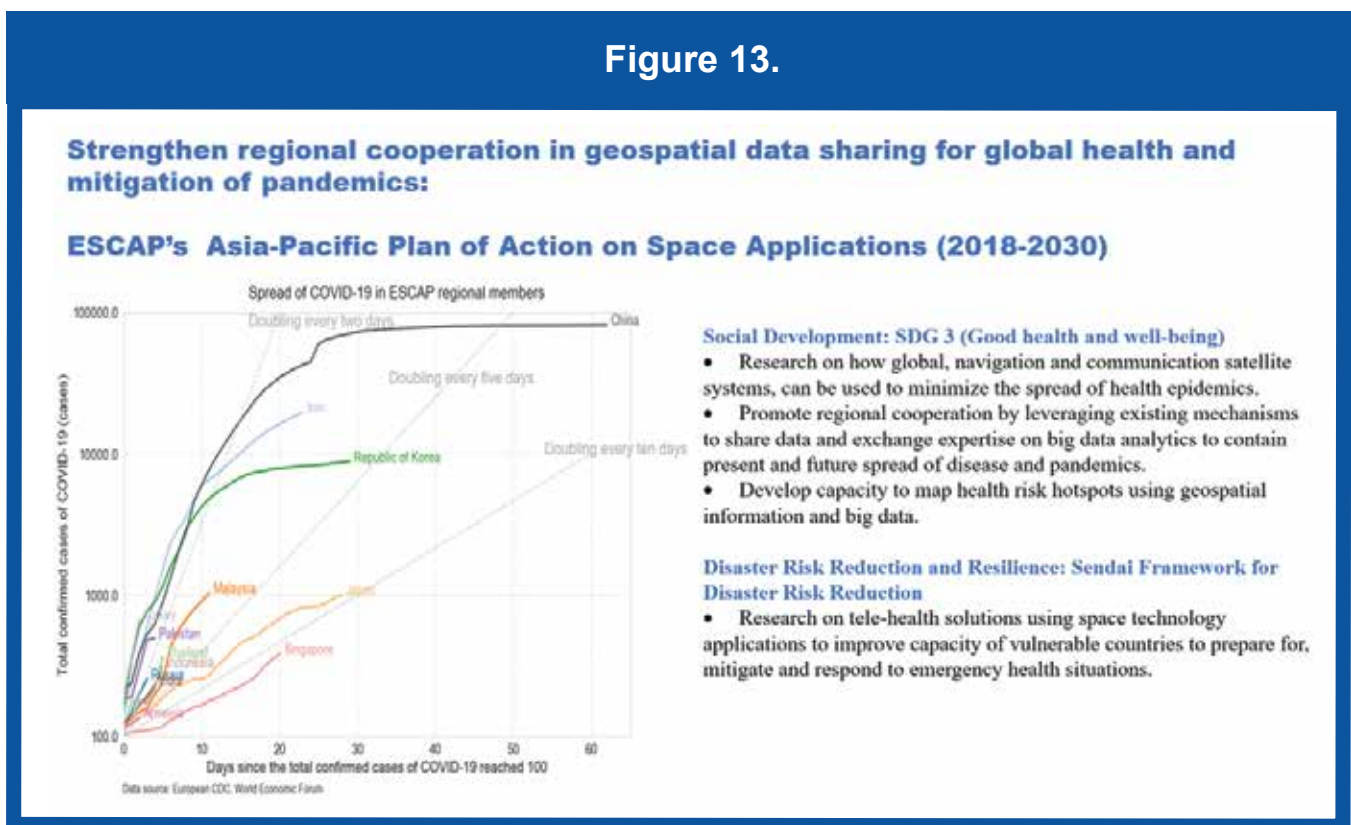
**Figure 12. International internet bandwidth use in the region**



*In times of uncertainty, timely and accurate information is crucial.* Public health campaigns and information-sharing should therefore be available in multiple languages, including sign languages, and diffused through all available communication channels and networks. It is critical to ensure accessibility of public health information and services to persons with disabilities and other vulnerable groups.

*Geo-referenced big data deepens understanding on the patterns of contagion and can decelerate the pace.* Geo-referenced data supplied by mobile phone companies on people's movement are playing an important role in monitoring the compliance of people with governments' legislation designed to stop the spread of COVID-19. Furthermore, the ready availability in real time of such data, aggregated into big data sets and analyzed by machine, has helped identify patterns and deepen understanding on socio-economic linkages across countries. There is scope to leverage existing regional cooperation mechanisms to promote the sharing of geospatial data and technical expertise.

**Figure 13.**



COVID-19 does not respect national borders. Regional cooperation among countries can play a crucial role by strengthening research, contributing to sharing of knowledge and best practices, helping coordinate interventions and supporting development of critical treatment strategies, including vaccines and other drugs. Regional cooperation among countries dealing with each other as equal partners will ensure that the fruits of research and development will benefit the entire population of the region, and beyond, at an affordable price.

## Short- and long-term social protection measures



- 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





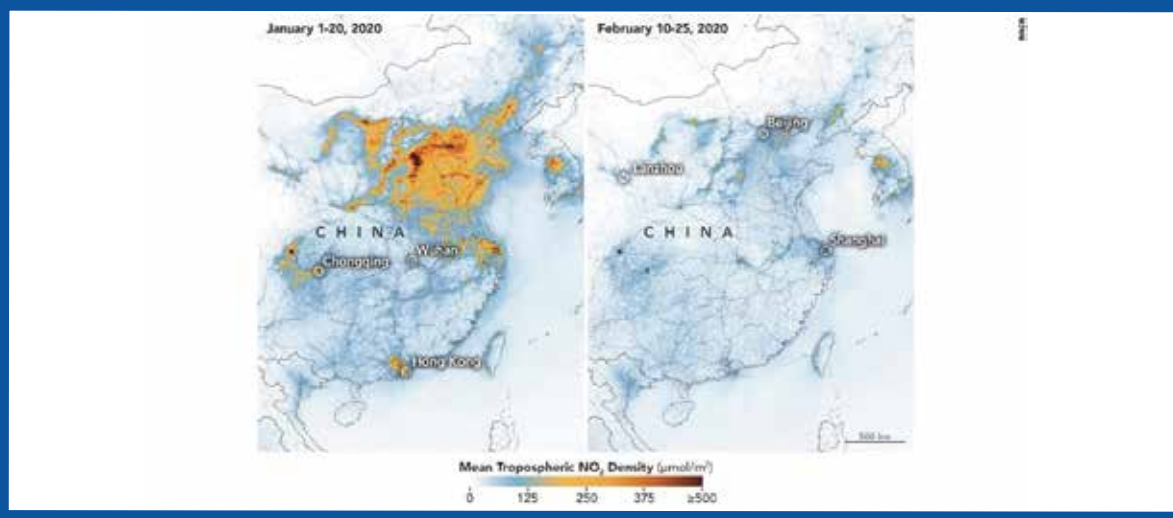
## Environmental Pillar: Impact and Policy Response

- 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 on preserving wildlife can prevent and mitigate future pandemics by such actions as collectively banning illegal trade of wildlife, adopting international sanitary standards, and working together on stopping habitat loss.

*Slowdown of economic activities in Asia and the Pacific gives the environment breathing space.* COVID-19 has slowed down economic activities, led to a temporary shut-down of industrial activities, closing of schools and a range of public institutions affecting millions of students and significantly reduced air travel and human mobility worldwide. This has reduced demand for oil and gas, and at the same time also resulted in substantive reduction in emissions of carbon dioxide and nitrogen dioxide and reduced air pollution, especially in Asia and the Pacific where the intensive use of natural resources has come at steep environmental costs.



Figure 14. NO<sub>2</sub> levels in China, January and February 2020 compared. \*\*



Source: NASA 2020

The outbreak has provided opportunities to promote more resilient and sustainable practices, especially in the transport sector where rail and intermodal supply chains, as well as smart logistics technologies gained or increased their competitive advantage. Containing the outbreak also promoted a more responsible approach to human mobility, i.e. a careful examination by travelers of their individual need for travel to discriminate between essential and not essential travel or to find alternative ways of delivery (telecommuting and virtual meetings). It is likely that China's CO<sub>2</sub> emissions have reduced by a quarter or more during February 2020. China's two month coronavirus lockdown may have saved the lives of 4,000 children under 5 and 73,000 adults over 70 with a reduction in air pollution<sup>6</sup>. Such estimates show that decisive action taken by governments can have an immediate positive effect on global challenges such as the ongoing climate crisis.

However, emissions and other environmental externalities will likely rebound, and perhaps even increase, once the crisis is over, due to the need to re-stock missing supplies and general economic recovery<sup>7</sup>. Previous health crisis linked to SARS, H1N1, Ebola and even the Spanish flu in the early 20th century witnessed a strong and robust rebound of transport demand after the disruptions. The recovery scenarios for COVID-19 are hard to predict with certainty. But while changes to logistics supply chains and possible protectionist trends will surely have the repercussion on the geography of trade, they would not necessarily result in reduced volumes of goods or number of people being moving.

*Consistent and coordinated policy measures, grounded in a strong political will and commitment to sustainability, should be pursued to lessen the environmental impact of economic and social activities in the long run.*

6. Global Food, Environment and Economic Dynamics. March 8. <http://www.g-feed.com/2020/03/covid-19-reduces-economic-activity.html>

7. Peters et al., 2012. Rapid growth in CO<sub>2</sub> emissions after the 2008–2009 global financial crisis. <https://www.nature.com/articles/nclimate1332>

\*\*The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

# Implications for the Energy Sector and potential opportunities

*The measures to contain COVID-19 have resulted in reductions of 15 percent to 40 percent in output across key industrial sectors in China alone.* During February, electricity demand and industrial output, as a result of COVID-19, were far below the levels of the same period last year. Coal consumption at power plants was down 36 percent; Satellite-based NO<sub>2</sub> levels were 37 percent lower, and the utilization of oil refining capacity was reduced by 34 percent.

For global energy commodities, most notably oil and to a lesser extent gas, lower demand has resulted in a fall in prices. Industry shutdowns and reduced movement of people due to travel bans and closing of borders has lessened the demand for refined oil products. Such fall in demand and prices have been compounded by the collapse of the OPEC+ agreement to cut production, with Saudi Arabia and Russia engaging in a price war. These factors collectively have depressed oil prices and impacted the revenue of oil producing countries. The impacts were exacerbated as China is the world's largest oil importer. As China begins a slow restart of its transport and industrial sectors from March, other countries entered into slowdown. Initial analysis suggests the repercussions of the outbreak could reduce global oil demand by 0.5 percent between January to September 2020<sup>8</sup>. Thus a protracted period of low oil and gas prices hinges on the severity and longevity of the pandemic.

*Low oil and gas prices offer an opportunity to implement structural reforms in support of climate change mitigation efforts.* The drop in oil prices could be seen as an opportunity to impose more extensive carbon pricing mechanisms and reduce fossil fuel subsidies, helping to reorient the economy in a low carbon-intensive direction. Government stimulus packages should aim to accelerate decarbonization, and not encourage high-emitting projects. Renewable energy should be the main sector to be included in the stimulus packages; it provides a window to meet energy needs without additional carbon impost, create more jobs per unit of energy delivered and can help phase out fossil-fuel subsidies.

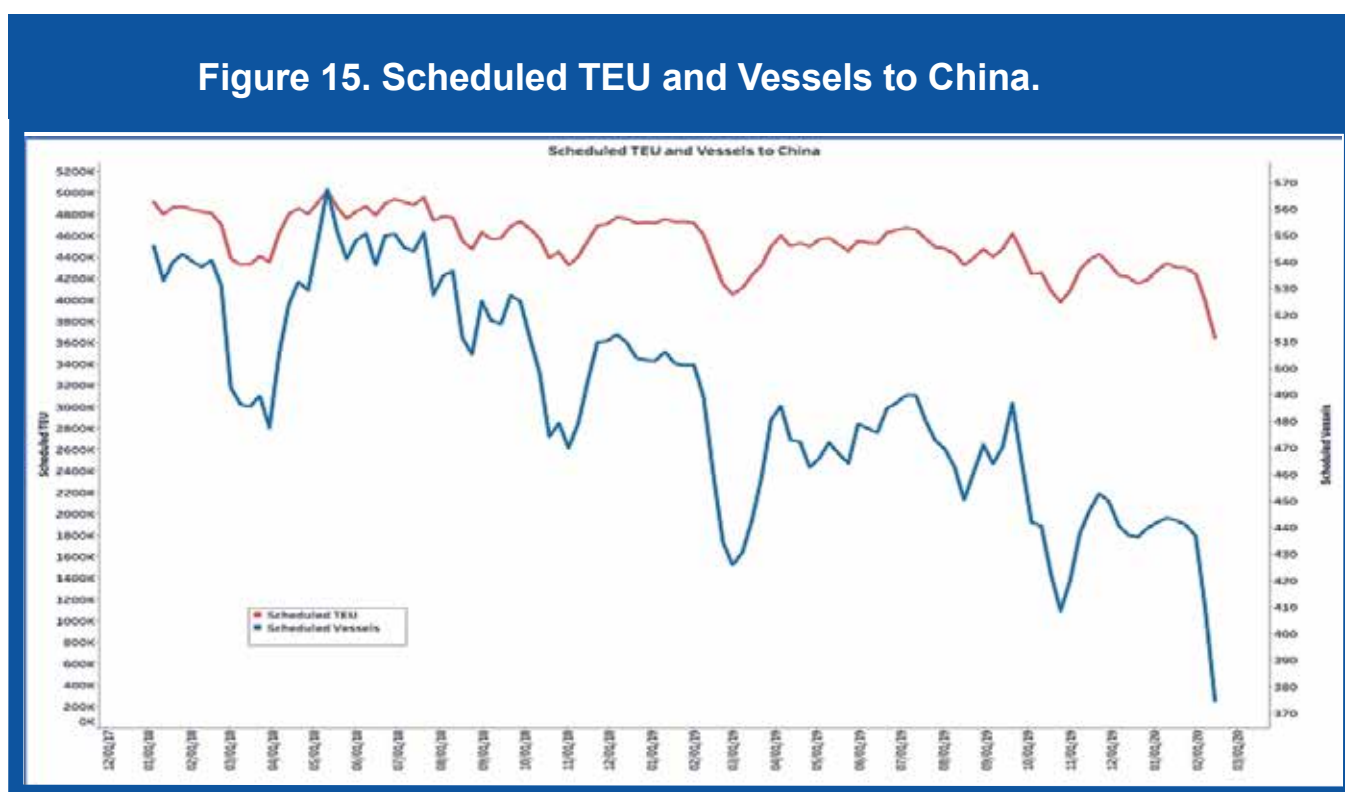
*However renewable energy projects have also been affected, through supply chain disruptions.* China is the source of much of the world's solar panels, wind turbines and batteries, either as integrated products or as a part of the supply chain with just-in-time delivery. If the shutdown of Chinese industry persists beyond the first quarter of 2020, developers of wind and solar projects may be affected by shortages of equipment which will hinder the growth of the renewable energy sector. Short term responses may be to source from other country's supply chains, but as the COVID-19 takes hold globally, these supply chains may also come under pressure.

8. Myllivirta, March 4. <https://www.carbonbrief.org/analysis-coronavirus-has-temporarily-reduced-chinas-co2-emissions-by-a-quarter>

# Implications for the Transport Sector and potential opportunities

COVID-19 resulted in a sharp and sudden decline in passenger travel and in transport of goods, regionally and globally. Approximately 80 percent of businesses involved in the freight transportation industry are already affected<sup>9</sup>. Shipping, which carries over 80 percent of global trade volumes, has registered plunging numbers with a sharp decline in container ships visiting Chinese ports in late January and early February 2020<sup>10</sup>. Aviation is one of the most visibly affected with the growing concern about the sector's ability to fully and quickly recover<sup>11</sup>. At the same time, most countries went to great lengths to maintain the uninterrupted flow of cross-border freight and, to some extent, passengers movement in support of the continued functioning of economies and societies. The situation has also underscored the importance of the resilient supply chains, enabling the exchange of medical supply and basic commodities, and, when the time comes, for a speedy delivery of eventual vaccine and other medical treatments.

Figure 15. Scheduled TEU and Vessels to China.



Source: ClipperData, quoted in UNCTAD, 2020

This unprecedented scale of disruptions to passenger and, to a large extent, freight transport has provided an impetus for achieving more resilience and sustainability in the transport sector, closely linking the outbreak of COVID-19 to the challenge of dealing with climate change.

9. <https://aircargoworld.com/allposts/morgan-stanley-freight-transport-feeling-impact-of-covid-19/>

10. <https://unctad.org/en/PublicationsLibrary/ditcinf2020d1.pdf>

11. <https://www.iata.org/en/pressroom/pr/2020-03-05-01/>

Dramatic drop of the nitrogen dioxide (NO<sub>2</sub>) emissions in China demonstrated how much drastically reducing transport and industrial activity can impact emissions. Promoting greater sustainability, there has been a shift towards international rail transport. In addition to its traditional advantages in terms of the environmental impact, rail transport is proving to be the most shock-proof transport modality. Automated and “smart” transport and logistics practices, which tend to bring environmental benefits by optimizing transport and logistics’ operations, have gained another competitive notch by allowing reduced “compromised” human intervention.



Source: Railfreight.com, 20 March 2020.

*Not all changes brought about by the outbreak have led to a positive environmental impact.* “Ghost flights”, i.e. planes flying empty to preserve landing rights the valuable transport routes are the most striking example. New and sudden restrictions often lead to congested ports, airports and land border crossing with the repercussions along the entire transport and logistics chains. Additional checks at the border tend to result in the increase of empty runs or additional deviations offsetting the instant benefits of cancelled or reduced travel or freight operations. While changes to logistics supply chains and possible protectionist trends will have repercussion on the geography of trade, they do not necessarily result in reduced volumes of goods or number of people being moving. There are also likely to be other unintended consequences of the outbreak of COVID-19, like an increased use of private cars, to the detriment of public transit, further exacerbating our environmental footprint and climate change challenge.

## Innovation for enhanced resilience

COVID-19 has placed pressure on employers and educational institutions to innovate for enabling remote learning and working. These changes to software, business processes and employee behavior could be leveraged after the pandemic for two major benefits: first, to reduce unnecessary travel and transport, which will reduce energy consumption, congestion and air pollution; and second, to enhance the resilience of the region to cope with future pandemics. In short, the slight environmental improvement due to the disruptions may be a one-time wonder, offset by a return to status quo with no lasting impact on sustainability of transport sector, unless there is a strong political will and solid policies aimed at harnessing the lessons learned and innovation, brought by the outbreak.

The outbreak has also raised opportunities to advance on other technology-based solutions such as tele-medicine and tele-education, in particular in support of landlocked and least developed countries. This raises the need for stronger regional cooperation and collaboration.

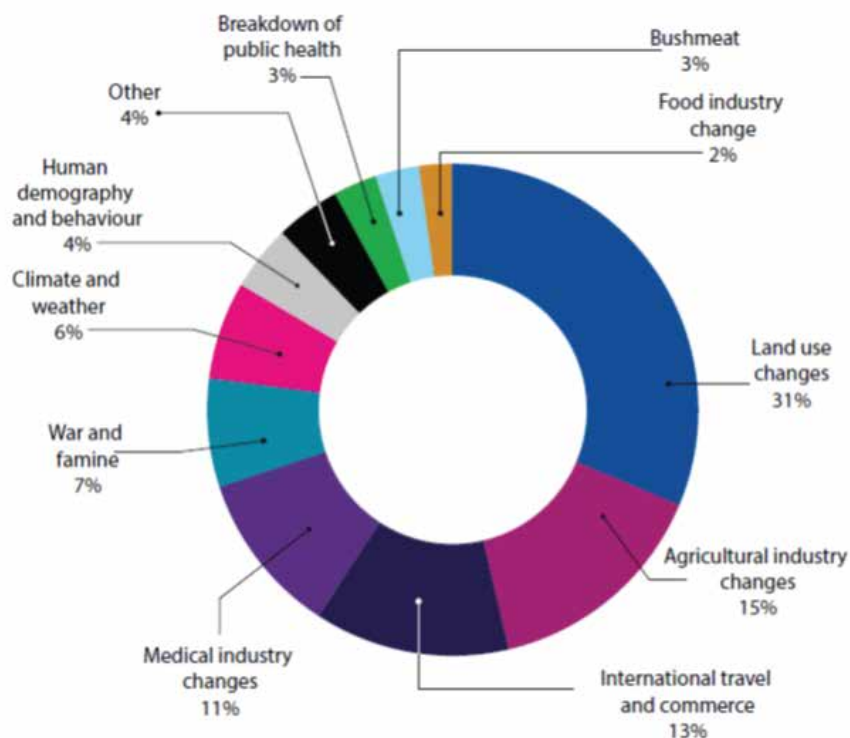
### Addressing interacting threats

*COVID-19 demands a reflection on our environment and the interactions that humans have with nature.* Climate change and changes in the environment are major drivers of vectors-borne diseases, such as COVID-19, and influence the complex interactions between vectors, animal hosts and pathogens contributing to disease transmission. This entails higher risk when cultural practices lead people to eat, or come in close contact, with wild animals that, as in the case of COVID-19, host dangerous viruses. The spread of such zoonotic diseases is then accelerated by greater movements of people domestically and internationally.

The dramatic reduction in natural ecosystems and biodiversity, coupled with unprecedented increases in the number of animals that are being supplied to an increasing population with animal protein, have, over the past two decades, resulted in rapid increases of zoonotic diseases, as well as a rise in foodborne zoonoses. The economic losses, due to the impacts on productivity and healthcare costs, have resulted in the USD billions annually, impacting especially low- and middle-income countries<sup>12</sup>. Viruses transmit genetic material from one organism to another, but also between ecosystems. In this regard, climate change, deforestation, internal displacement and migration of people and animals have all been identified as factors that contribute to the faster transmission of communicable diseases. Marginalized communities and developing countries are particularly vulnerable, as they lack the response mechanisms, infrastructure and health workforce.

12. World Bank. 2012. *People, pathogens and our planet: the economics of one health*. World Bank, Washington, DC. <http://documents.worldbank.org/curated/en/2012/06/16360943/people-pathogens-planet-economics-one-health>

**Figure 16. Environmental changes are the primary drivers of past disease emergences.**



Source: Loh 2015. Loh, E.H., Zambrana-Torrel, C., Olival, K.J., Bogich, T.L., Johnson, C.K., Mazet, J.A., Karesh, W. and Daszak, P. (2015). Targeting transmission pathways for emerging zoonotic disease surveillance and control. *Vector-Borne and Zoonotic Diseases*, 15(7), 432-437. <http://online.liebertpub.com/doi/abs/10.1089/vbz.2013.1563>.

*Environmental protection must include policies and measures that promote a healthy environment that enables sustainable and safe food production and consumption for all.* This crisis should encourage member States to prohibit wildlife trade while promoting healthy diets and discouraging unhealthy sanitary practices. Countries in the region should work together in the development of regional sanitary and phytosanitary standards that help prevent and mitigate similar pandemics in the future, addressing food contamination and food pollutants. Zoonotic diseases are complex, and countries should be encouraged to address the interacting threats due to illegal trade, habitat loss, climate change, different sources of pollution by developing collaborative policy frameworks.

## Setting the stage for the ‘new normal’ require national action and regional collaboration

The anticipated return to normal conditions post-pandemic may see a return to business as usual. Locking in the positive learnings of COVID-19, such as making more use of technologies for remote working and learning to reduce congestion, the provision of urban basic services, energy demand and air pollution need to be considered by policymakers. This underscores the crucial importance of policies and measures in dealing with the outbreak and more importantly, in managing the transition post COVID-19.

*Government stimulus packages should aim to accelerate decarbonization and greening of the economy*, including sustainable mobility, not simply support “business as usual” decision-making and practices. Similarly, in a landscape where corporate bail outs might be needed in order to save jobs and maintain social wellbeing, it is crucial that such bailouts should not support businesses and sectors that are main drivers of environmental degradation.

Governments should invest their efforts in “returning to the new normal”, promoting the best practices and innovative solutions piloted during the outbreak as the recommended best practices. Transport and other regulations, resulting in unintended externalities during the disruptions must be revised and contingency scenarios adjusted, learning from the COVID-19 experience. A more responsible approach to human mobility, i.e. reduce-shift-avoid attitude when it comes to the conventional ways and volume of travel, should also become an integral part of “the new normal”, as a lasting positive effect of the outbreak.

While many supply chains originating in China for renewable energy components are slowly being re-established, *the renewable energy sector should diversify and localize supply chains to increase resilience to future disruptions*. On the demand side, it is important the COVID-19 does not distract the focus on policy support to renewable energy deployment. This needs to continue to ensure the urgent long-term goal of decarbonizing the region’s energy systems is addressed. Failure to do so could result in a rebound that continues the previous carbon intensive pathway.

*Regional cooperation remains vital* as it enables 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 is also indispensable to continue bridging the infrastructure divide, ensuring that no country or territory is left in the fight and recovery alone.

*The current COVID-19 pandemic is also a reminder of the intimate relationship among humans, animals and the environment*, particularly in dense urban environments. Robust and comprehensive environmental policies may prevent and mitigate future pandemics; cities should better monitor and design the use of public spaces and access to WASH services; countries should collaborate to simultaneously ban trade of wildlife, harmonize sanitary standards across the region and address the interacting threats due to illegal trade, habitat loss, climate change, and different sources of pollution.

The outbreak underscored once again that a *consistent, coordinated and evidence-based policy measures, grounded in a strong political will and commitment to sustainability*, will lessen the environmental impact of economic and social activities in the long run. These policies will need to act on multiple fronts, setting clear goals and targets. These include investing in human and institutional capacity, leveraging technology and innovation, improving urban basic services, as well as supply chain and other logistics management mechanisms.



## Conclusion

There is an urgent need for immediate and concerted actions at sub-regional, regional and global level to increase mutual trust, share information and experience, ensure the supply and delivery of medical materials and equipment, with a view to building confidence of all countries to fight the virus.

Unless measures are set in place to meet the needs of vulnerable individuals and households who are already bordering poverty, the pandemic will only widen inequality gaps further and even entrench people in poverty. The costs of neglecting these vulnerable populations will impact not only on economic activity, but also on higher rates of transmission. ***The COVID-19 pandemic is an opportunity for governments in the region to build their crisis-resilience through strengthened and more systemic health and social protection measures for all.*** The virus does not discriminate between the rich and the poor, and its impact will be felt by all, irrespective of socioeconomic status or borders. The ongoing crisis may therefore be an opportunity to strengthen regional cooperation to tackle this cross-border pandemic, using the increased public support to build a stronger and more resilient Asia-Pacific based on inclusion, solidarity, equality and respect for human rights.

***Human rights of all must be protected, and countries must adhere to existing human rights instruments.*** Civil liberties are often imperiled during major crises. These temporary special measures infringing on civil liberties, human dignity and personal privacy must end when the emergency has passed; not become a new norm. Disease causes unreasonable fear and panic, which in turn can foster discrimination and xenophobia. Stigmatization against particular groups during this outbreak can force people into hiding and increase risks of further spread of the disease. Diplomacy needs to be bolstered to fight this disease. The United Nations, and ESCAP, will continue to engage member States and all stakeholders to spread the message of tolerance, optimism and partnership in Asia and the Pacific.

In the words of the Secretary General, “**Let’s find the inspiration in those who are ‘care-mongering’ – rather than scaremongering. If we are going to spread anything, let’s spread kindness.**”