

Post Pandemic Economic Recovery in ASEAN: Prospects and Challenges

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**Impacts of COVID-19 on Inclusive Development and Governance:
Rapid and Post-Pandemic Assessment in The Mekong Subregion**

11 December, 2020

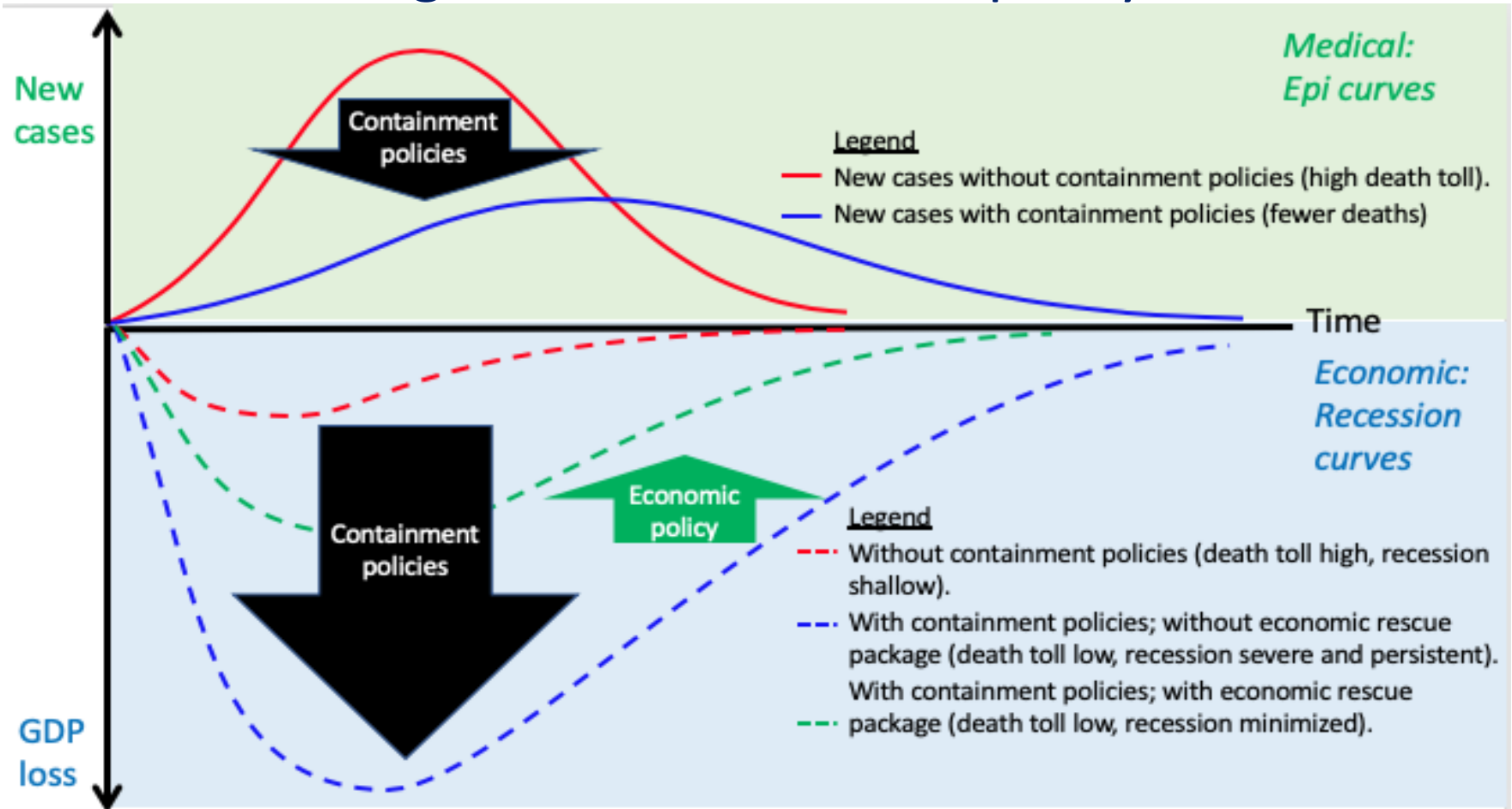
Outline

- COVID-19 in ASEAN
- Economic Impacts
- Balancing Health Risks and Economic Costs
- Poor Suffer More, while SDGs slip
- Post Pandemic Recovery: Opening Borders?
- Summary and Lessons for the Future

COVID-19 Indicators in ASEAN, World, 15 Nov 2020

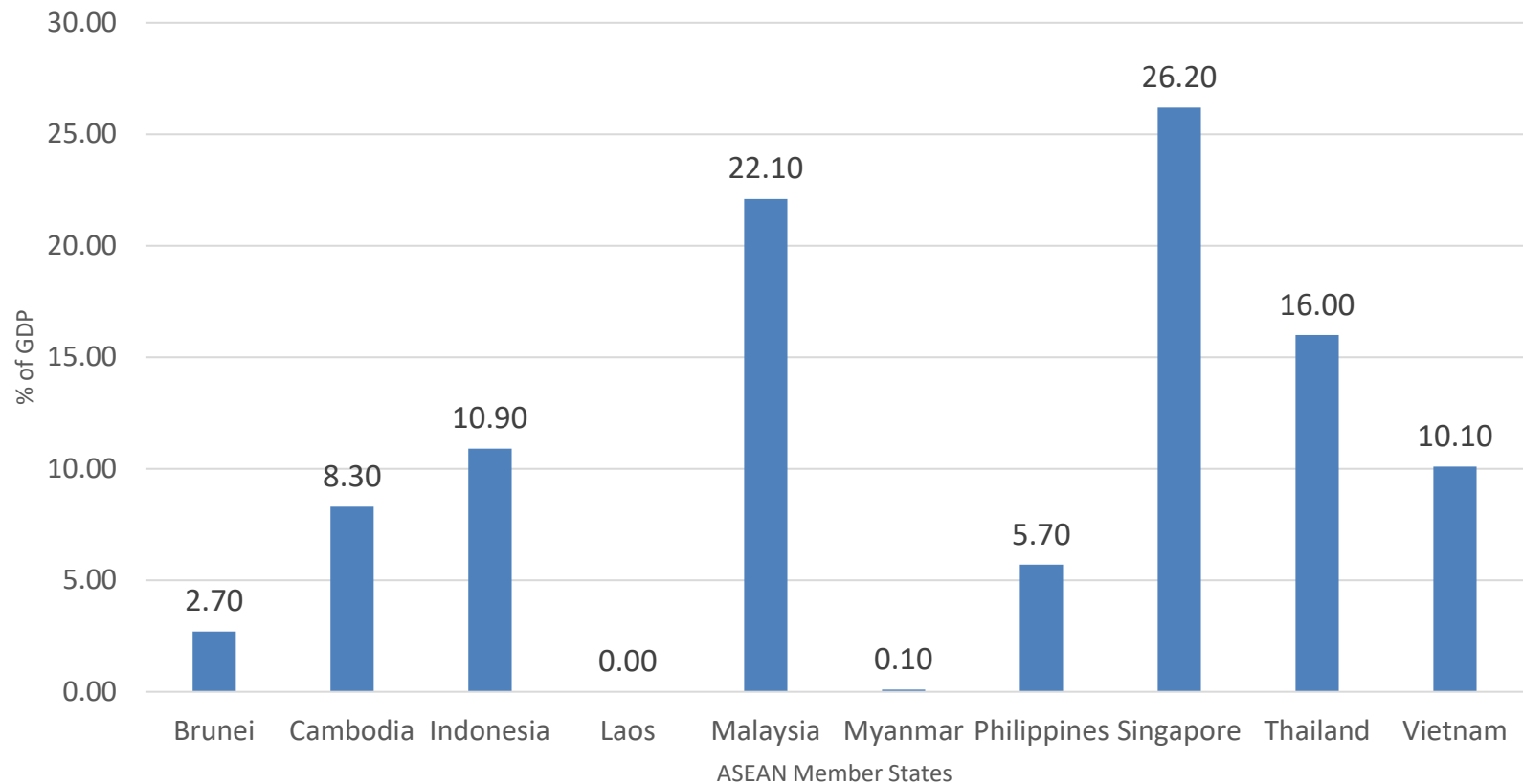
Countries	Total Cases (TC)	TC Per Mil Population	Total Deaths (TD)	TD Per Mil Population	Total Tests (TT)	TT Per Mil Population
Brunei	148	337	3	3	72,550	165,248
Cambodia	302	18	0	0	208,154	12,387
Indonesia	467,113	1,701	15,211	55	5,055,488	18,410
Laos	24	3	0	0	71,020	9,709
Malaysia	47,417	1,458	309	10	2,401,043	73,834
Myanmar	68,994	1,265	1,577	29	897,352	16,451
Philippines	407,838	3,704	7,832	71	5,268,410	47,842
Singapore	58,119	9,905	28	5	4,066,897	693,124
Thailand	3,874	55	60	1	977,854	13,996
Vietnam	1,281	13	35	<0	1,339,465	13,715
ASEAN	1,055,110	1,575	25,055	37	20,358,233	30,397
World	54,481,609	6,989	1,320,622	169	-	-

The recession, made worse by containment policy, can be mitigated with economic policy



Size of Economic Stimulus Programs (% of GDP)

Size of Stimulus Programmes in ASEAN (% of GDP)

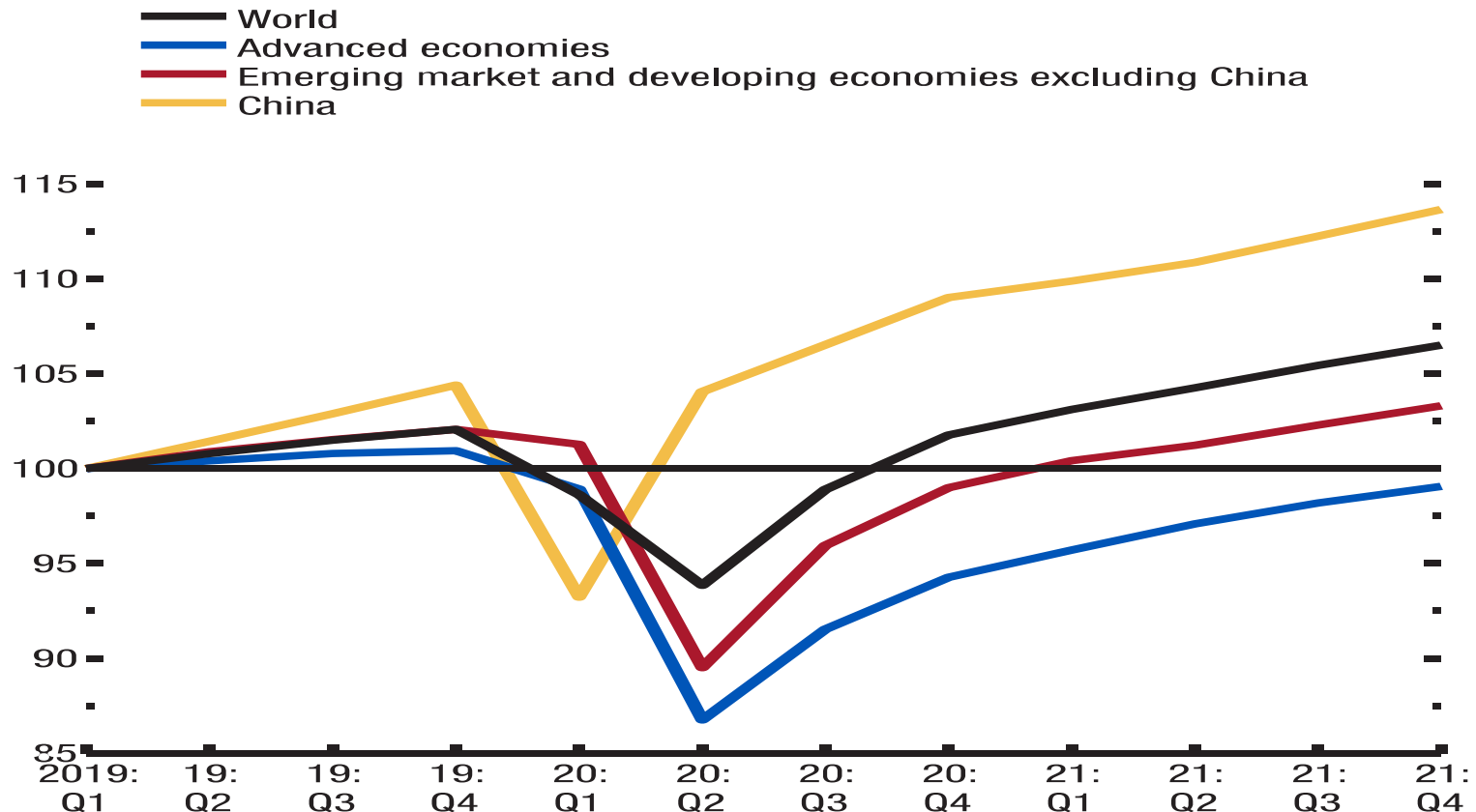


IMF, ADB Forecasts, GDP Growth, ASEAN, 2020-21

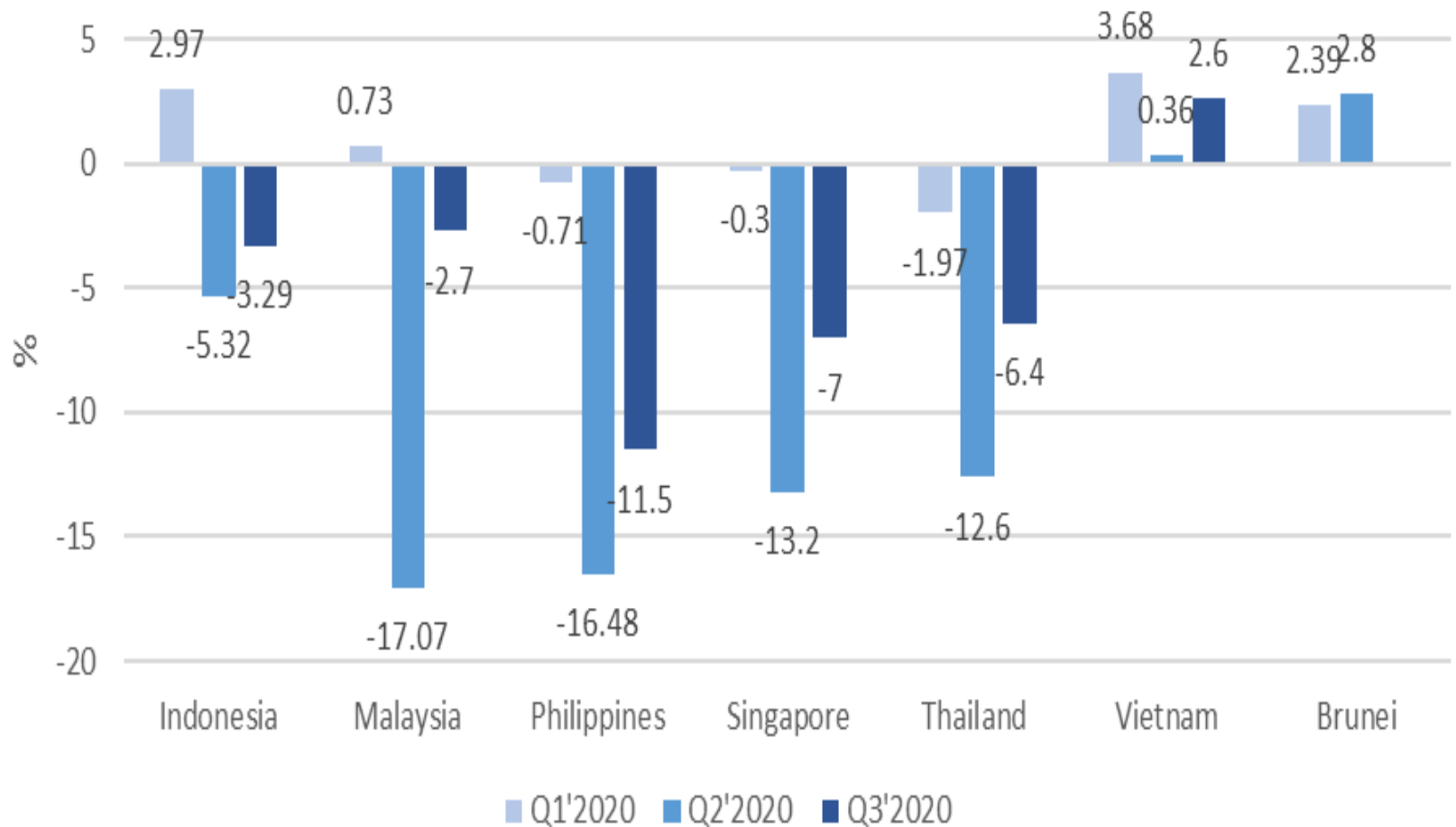
		IMF Oct 2020		ADB Sept 2020	
	Actual	Forecast		Forecast	
	2019	2020	2021	2020	2021
Brunei	3.9	0.1	3.2	1.4	5.0
Cambodia	7.1	-2.8	6.8	-4.0	5.9
Indonesia	5.0	-1.5	6.1	-1.0	5.3
Lao PDR	5.0	0.2	4.8	-2.5	4.5
Malaysia	4.3	-6.0	7.8	-5.0	6.5
Myanmar	6.8	2.0	5.7	1.8	6.0
Philippines	5.9	-8.3	7.4	-7.3	6.5
Singapore	0.7	-6.0	5.0	-6.2	4.5
Thailand	2.4	-7.1	4.0	-8.0	4.5
Vietnam	7.0	1.6	6.7	1.8	6.3
ASEAN (a)	4.4	-3.4	6.2	-3.8	5.5

IMF World Forecast –June Revision

Figure 1. Quarterly World GDP
(2019:Q1 = 100)



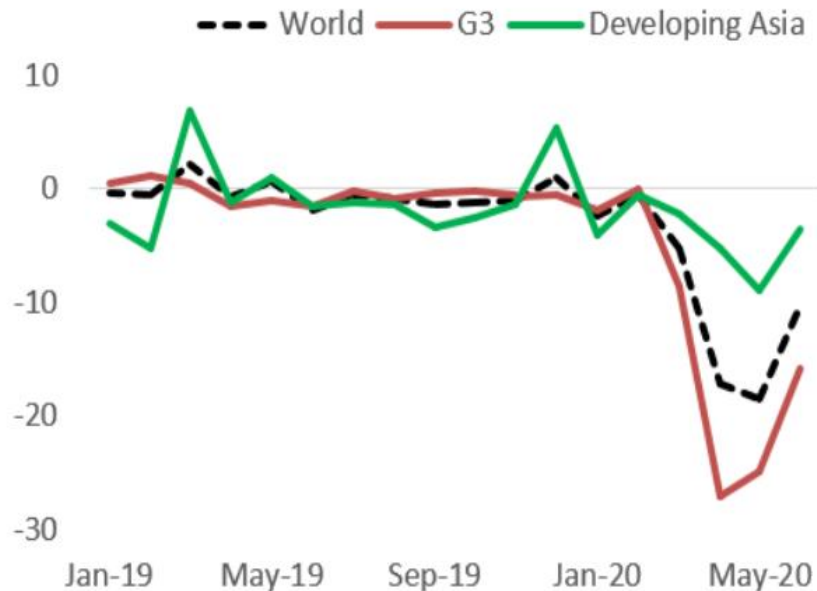
2020 ASEAN Quarterly Real GDP (% , year on year)



Asia's trade falling by less than global trade due to strong demand in health supplies and electronics

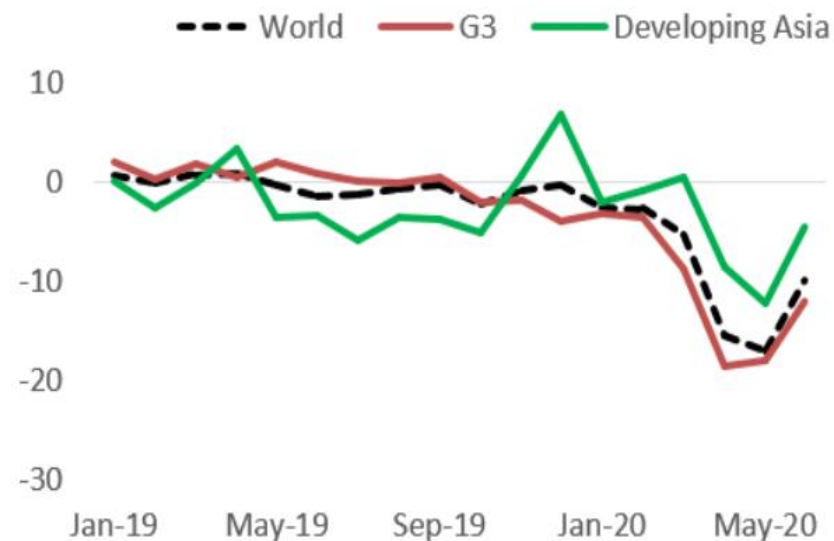
Real exports

% change, year on year



Real imports

% change, year on year



Notes: G3 refers to the weighted average of US, Japan, and Euro area. Developing Asia refers to the weighted average of PRC; Hong Kong, China; India; Indonesia; Republic of Korea; Malaysia; Pakistan; Philippines; Singapore; Taipei, China; Thailand; and Viet Nam.

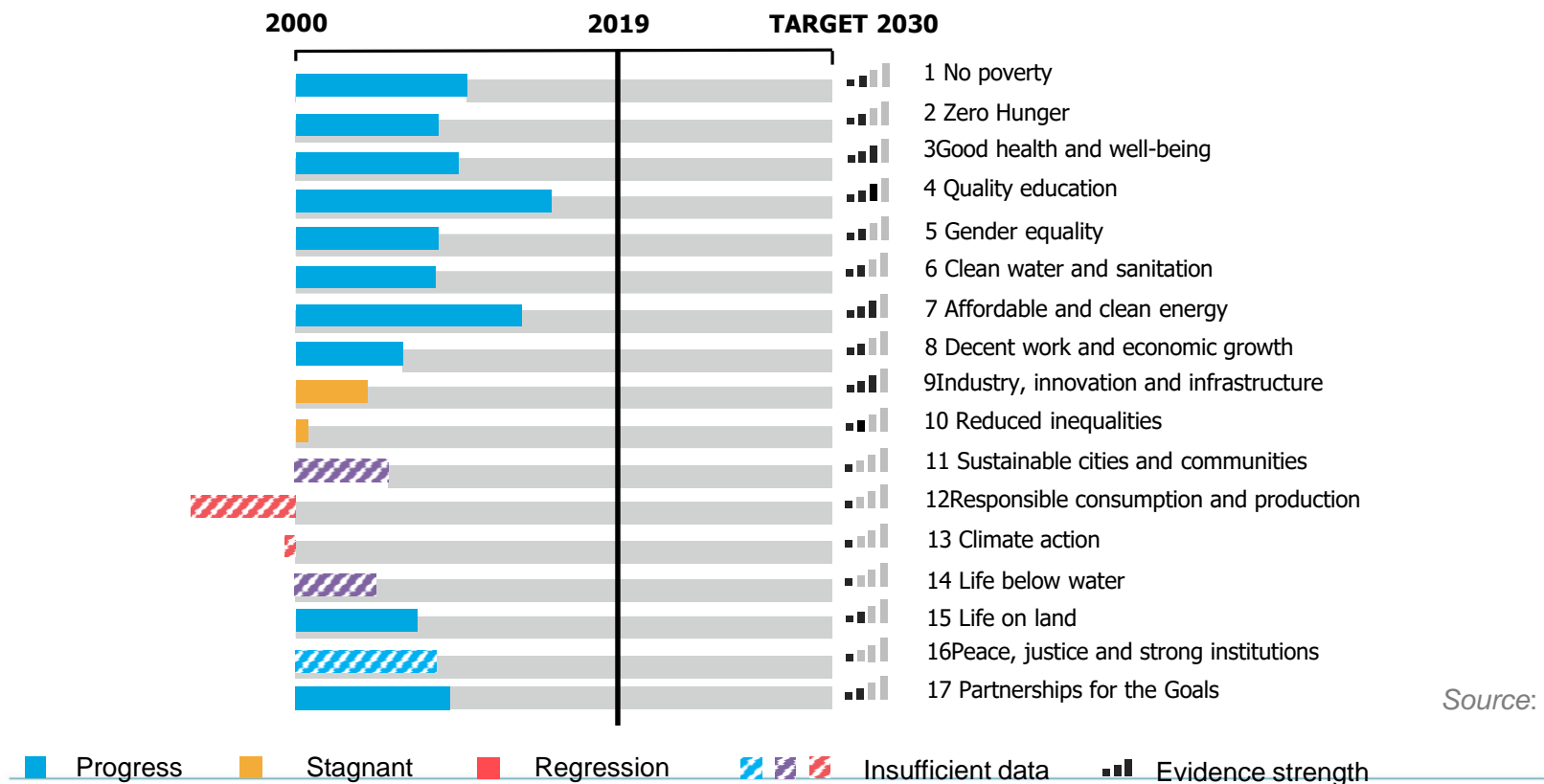
Source: ADB, ADOU 2020

Balancing Health Risks and Economic Costs

- Lockdown for what purpose: Eliminating virus; Managing community spread; Flattening the curve?
- Lockdowns can work – China, Vietnam; Thailand
- Lockdowns not necessary – Taiwan; Hong Kong
- Lockdowns not feasible – India; Indonesia
- Lockdowns not sustainable – every country!
- Disproportionately affects the poor and vulnerable

Asia-Pacific is Falling behind the 2030 Agenda for Sustainable Development Goals

Progress to Sustainable Development Goals for Asia and the Pacific (as of 2019)



Source: ESCAP.

Lack of progress has increased vulnerability

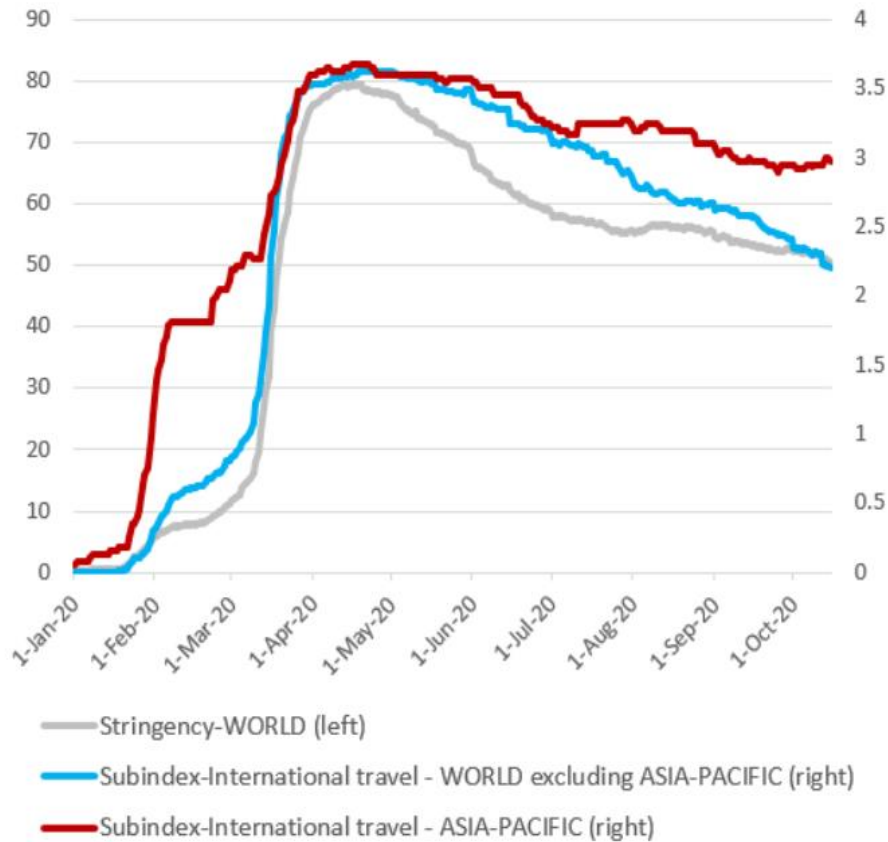
- Lack of progress with SDGs have increased vulnerability of the poor and poor countries to COVID-19
- The pandemic will further slow their progress in achieving targets by 2030
- Unprepared and under-invested healthcare systems
- Lack of access to running water
- Lack of digital infrastructure
- School closures
- ... and the list goes on

Poor suffer more...

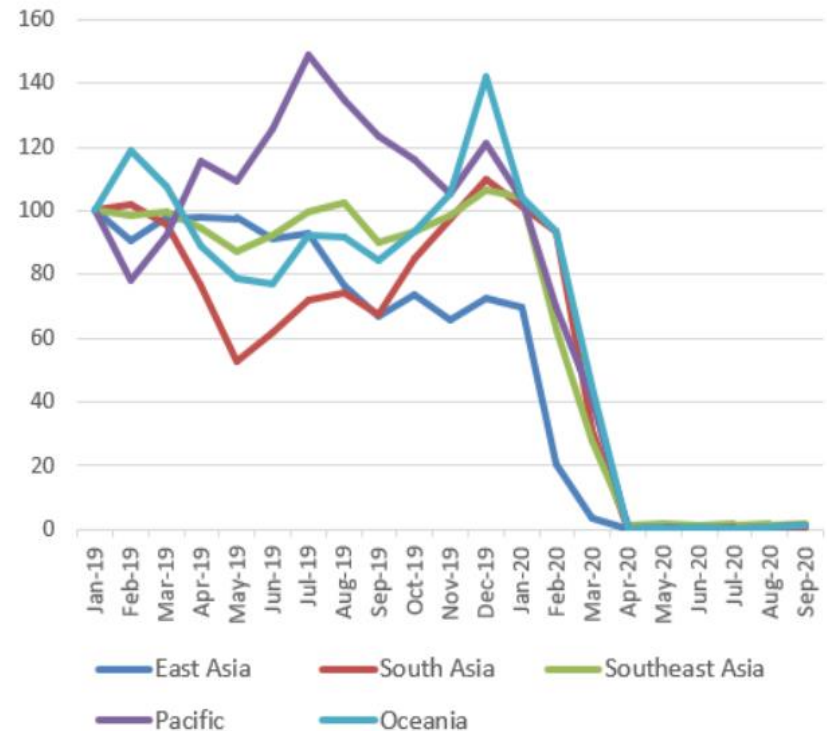
- Directly from the virus
 - malnutrition; limited access to healthcare
- Indirectly from lockdowns
 - cannot WFH; sometimes no (formal) work, or home; limited social safety nets in poor countries.
- Long term effects
 - reversing decades of poverty reduction; may not share equally in recovery; education loss perpetuates inter-generational cycle of poverty; increased inequality

Travel restrictions have led to a sharp decline in arrivals...

International Travel Restrictions



Monthly International Tourist Arrivals by Subregion, (January 2019 = 100)



Source: ADB calculations based on University of Oxford. Coronavirus Government Response Tracker. <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker> (accessed October 2020).

Sources: ADB calculations using data from CEIC and Haver Analytics Databases (accessed October 2020); IMF Tourism Tracker Asia & Pacific Edition Issue 6 (accessed October 2020).

Post Pandemic Recovery: Opening Borders

- Made sense to close borders at the start, but still?
- While restrictions on domestic movements have eased, borders remain mostly closed to people movement
- Time to narrow the gap between domestic vs border restrictions
- A rebalancing can support recovery without significantly raising health risks
- Mekong travel bubble? Thailand's unilateral opening

Going forward...

- Even WHO now admits that lockdowns only serve to make the poor even poorer.
- Targeted measures preferred to general lockdown, unless risk of overwhelming the healthcare system
- Different balance between health risks and economy if large number of poor and limited safety nets
- Macroeconomic policy constraints
- Will poor have access to vaccine? (TB has a cure, but kills more than COVID in India).
- How long will it take? Time to open borders?

Thank you for listening!

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