



Economic and Social Commission for Asia and the Pacific**Seventy-sixth session**

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Item 4 of the provisional agenda*

Regional cooperation to address the socioeconomic effects of the global health crisis**The impact of and policy responses with regard to the coronavirus disease (COVID-19) in Asia and the Pacific****Note by the secretariat***Summary*

The coronavirus disease (COVID-19) is spreading across the world at an alarming speed. This is an unprecedented crisis and requires unprecedented measures in response. It is affecting the global economy, hitting manufacturing and service sectors alike, with huge impacts on the labour force. As the result of the crisis and its impact on vulnerable individuals and households that are already bordering poverty, inequality gaps may widen and people may become entrenched in poverty.

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

The present document contains a summary of the key impacts of COVID-19 in the Asia-Pacific region and short- and medium-term recommendations for consideration by member States of the Economic and Social Commission for Asia and the Pacific. The recommendations are approached through the prism of sustainable development, addressing the economic, social and environmental dimensions thereof. The document also serves to highlight the need for regional cooperation and coordination among countries in the Asia-Pacific region.

The Commission may wish to review the present document and provide guidance on the future work of the secretariat.

* ESCAP/76/L.1/Rev.1.

I. Economic dimension: impact and policy response

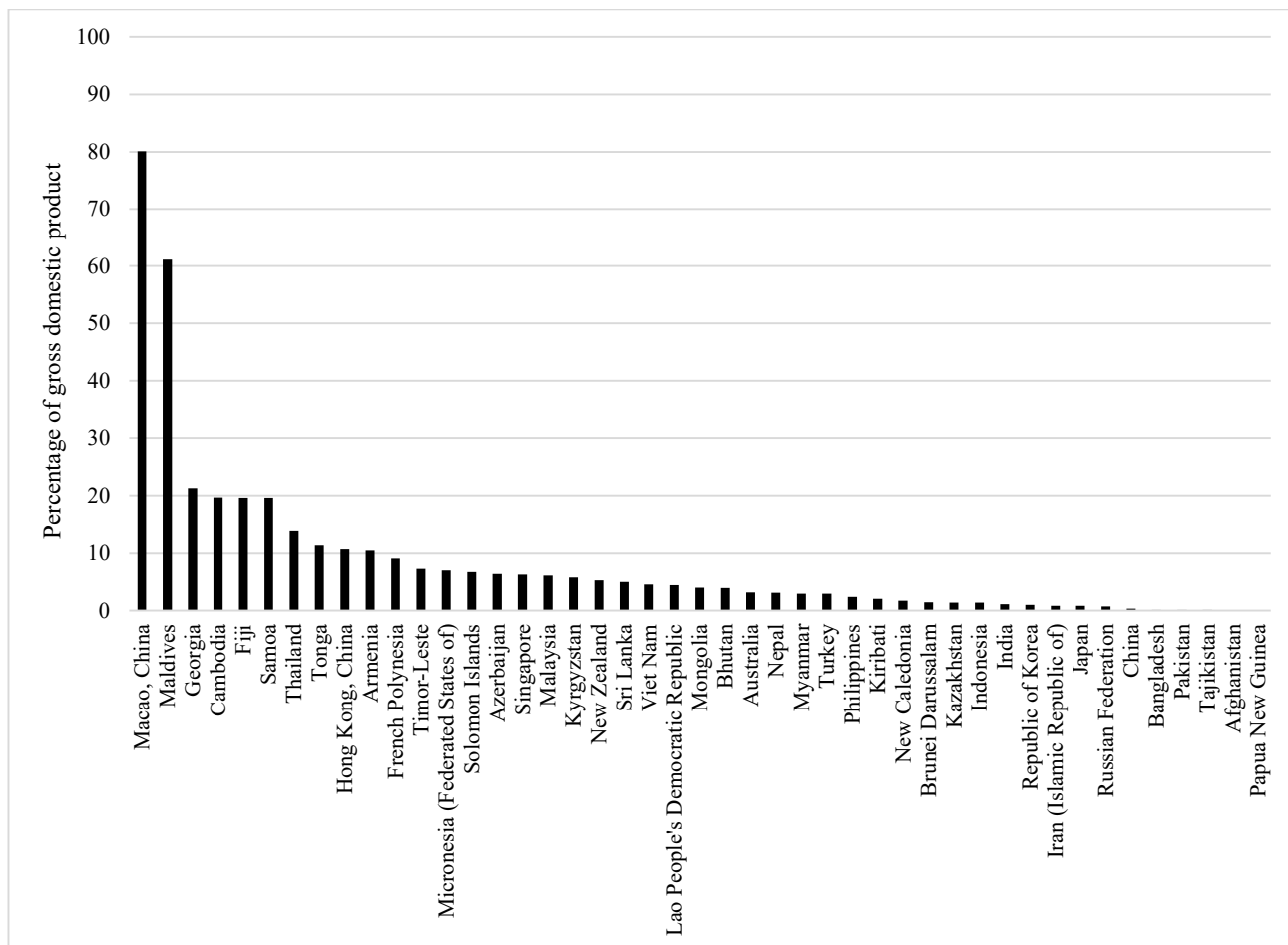
1. The shock of the coronavirus disease (COVID-19) with regard to both supply and demand has significantly threatened people's lives and the region's economic outlook. Short-term economic responses should prioritize people over economic recovery. Immediate and large fiscal measures supported by targeted monetary easing are required to contain COVID-19, cure people and ensure economic and financial stability. Governments should facilitate the expedient cross-border movement of essential medicines, medical equipment and teams and other essential goods, and remove tariffs and non-tariff measures. Regional cooperation can provide additional avenues to respond to the economic dimension of the pandemic, by establishing a regional and/or subregional public health emergency fund and coordinating debt relief measures.

A. Expected economic impacts of the coronavirus disease

2. The initial measures to contain the spread of COVID-19, including quarantines, travel restrictions and city-wide lockdowns, have 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 has also fallen, especially for oil, further contributing to economic and financial uncertainty and instability.

3. Of the many recent estimates of the impact that the COVID-19 pandemic will have on the economy, all are grim, although to what degree remains highly uncertain. One of the most immediate impacts will be on the services export sector, more specifically travel (which includes international accommodation services, food services and other tourism-related services). As Governments scramble to close their national borders, the long-term impact will depend entirely on the duration of the global travel lockdown. Figure I depicts travel services exports in Asia-Pacific economies as a share of gross domestic product (GDP). The two most dire positions are occupied by Macao, China, and Maldives, followed largely by Pacific small island developing States, as well as countries in Central and South-East Asia.

Figure I
Travel services exports as a share of gross domestic product in Asia-Pacific economies

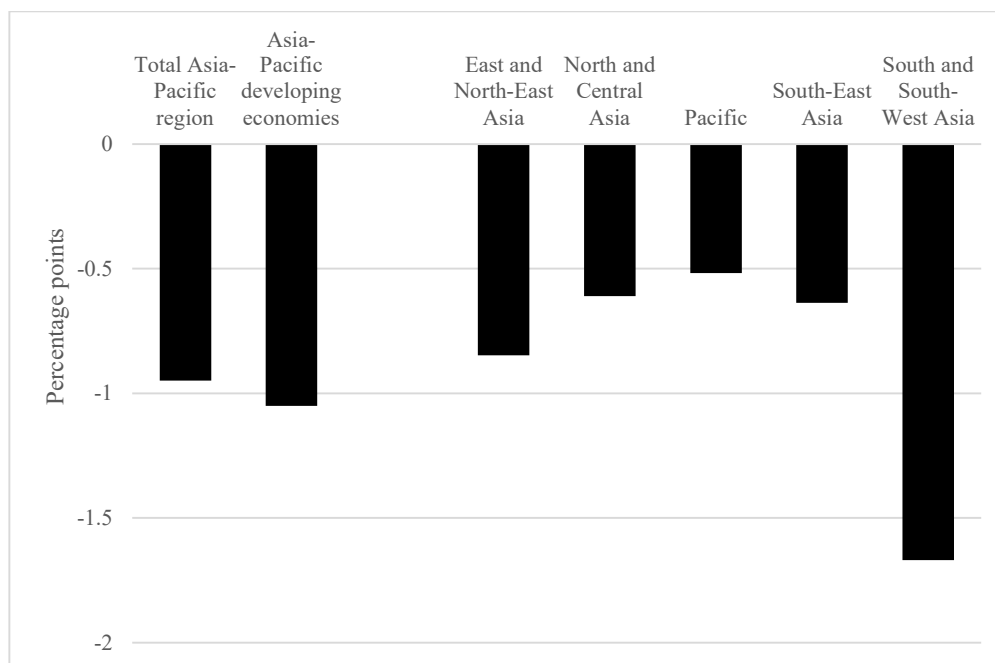


Source: Economic and Social Commission for Asia and the Pacific (ESCAP) calculations based on the most recent available data from the ESCAP Statistical Online Database, available at <https://data.unescap.org>; and World Trade Organization (WTO), WTO Data Portal, available at <https://timeseries.wto.org> (both accessed on 20 March 2020).

4. Travel restrictions, lockdowns and the suspension of production activities have disrupted labour movement and supply chains. Sectors which rely heavily on extended supply chains, such as automobiles, pharmaceuticals and electronics, are under stress owing to supply shortages. In China, travel restrictions also made it difficult for people to return to work after the New Year holidays and delayed the resumption of production.

5. While the pandemic is still developing and the actual economic impact has yet to be fully revealed, the deceleration in GDP growth could be significant (see figure II). In addition, the fallout may be uneven across countries depending on their current economic conditions and level of exposure to COVID-19. Prices are expected to increase, largely temporarily, especially for daily essentials and medical 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 II
Decline in gross domestic product growth in Asia and the Pacific due to the coronavirus disease



Source: ESCAP calculations based on nationally reported data; Asian Development Bank, *Asian Development Outlook 2019* and its updates (Manila, 2019); CEIC Data, available at www.ceicdata.com (accessed on 20 March 2020); International Monetary Fund, *World Economic Outlook Database*, available at www.imf.org/external/pubs/ft/weo/2019/02/weodata/index.aspx (accessed on 20 March 2020); and *World Economic Situation and Prospects 2020* (United Nations publication, Sales No. E.20.II.C.1).

Note: The GDP growth differences were calculated using GDP growth forecasts performed on 27 November 2019 and 10 March 2020, respectively.

6. Traditional services sectors such as tourism, retail, hospitality and civil aviation are taking an immediate hit, as are some labour-intensive and supply-chain-based manufacturing sectors, resulting in increased layoffs and unemployment. In the absence of exact data, the impact of the pandemic on employment cannot yet be measured but is likely substantial, as services and labour-intensive manufacturing account for more than 80 per cent of the region’s informal sector and small and medium-sized enterprises and contribute most of the jobs in the region. The economic fallout of COVID-19, though only just begun, has 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 in Internet-based sectors, such as online shopping or education, as well as for medical services. Policies to reduce job market frictions and facilitate labour adaptation to these job opportunities will be needed once the pandemic is under control.

7. Prioritizing the welfare of their own citizens, Governments are engaging in beggar-thy-neighbour policies, denying the most vulnerable countries access to vital tools to fight the pandemic. In this regard, national tariff and non-tariff measures as well as export bans, especially those imposed on medical and related products, could slow actions to contain the virus. According to Global Trade Alert, the vast majority of Governments maintain

import taxes or restrictions on medical supplies, and many more Governments have begun taking steps to ban or limit the export of medical equipment and medicines since the beginning of 2020.¹

B. Short-term fiscal and monetary measures

1. Immediate measures to contain the coronavirus disease

8. Considerable well-targeted emergency fiscal support is required to contain the spread of the disease and cope with the burden of extra patients and testing. The Governments of the region's most-affected countries 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. Governments should be prepared to show flexibility in their budgets to effectively use available fiscal resources to respond to the pandemic.²

2. Immediate measures to ease the shock to jobs and guarantee minimum living standards

9. Fiscal measures to support jobs and living standards are needed on two fronts: (a) fiscal support for employers to retain jobs, and (b) direct support for employees and households to guarantee minimum living standards. The former includes targeted tax exemptions and fiscal subsidies for small and medium-sized enterprises, the informal sector and the most-affected businesses to ensure 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:

(a) In China, small and medium-sized enterprises have received support through the waiving or delaying of their social security contributions and the deferral of land-use rents and property tax;

(b) In Japan, small and medium-sized enterprises have been provided with wage support and consultative services;

(c) In Hong Kong, China, and in Singapore, specific funds have been rolled out to subsidize sectors, including retail, food, transport and tourism, and to support low-income households.

10. Fortunately, the region has ample policy space. Most countries in the region have relatively low levels of fiscal deficit and public debt levels (as a share of GDP), which leaves room for expanded fiscal spending. In 2019, the median public debt-to-GDP ratio in developing Asia-Pacific countries was approximately 40 per cent, and the median fiscal deficit was approximately 1 per cent.

¹ www.globaltradealert.org.

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

3. Targeted monetary easing to support financial health

11. 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 central banks to reduce interest rates. Targeted financial support in the form of subsidized loans can also be directed to the small and medium-sized enterprises in affected sectors that are most vulnerable to financial stress. Other financial measures could include targeted credit support for companies that directly participate in pandemic control, and emergency loans and credit guarantees to address supply chain disruptions.

12. There are various examples of such policies in the region:

(a) In China, targeted cuts have been made to the reserve requirement ratio and the relending programme to direct funds towards small companies, the private sector and manufacturing, and the central bank is providing targeted credit support for companies that directly participate in pandemic control, such as those in the health-care sector;

(b) In Japan, the Government has introduced emergency loans and credit guarantees for small and medium-sized enterprises to address supply chain disruptions, in particular in the tourism sector;

(c) In India, the central bank has introduced liquidity measures to increase access to credit for the pharmaceuticals, construction and tourism industries.

4. Facilitating the availability of key medical products

13. The increase in demand for medical products and protective gear could lead to higher prices. To counter this, best practice indicates rationing of such products, for instance face masks (as has been done in the Republic of Korea). Priority should be given to the health-care sector, particularly in the existing and emerging hotspots. With regard to critical supplies, hoarding and price gouging should be strongly dealt with. In this regard, cooperation with the private sector is paramount. For instance, Facebook and Google have banned advertisements for face masks, and eBay and Amazon are actively scrutinizing listings for hand sanitizers, wipes and face masks. Given that an increase in prices is expected in the short term, Governments should incentivize production by diverting funds from other, less-urgent expenditures.

C. Trade policies on imports and exports

1. Removing tariffs and unnecessary non-tariff measures on the import of essential medicines, medical equipment and related inputs

14. Governments in the region and beyond should urgently review existing trade regulations, both tariff and non-tariff, to ensure timely access to affordable and reliable medical and related products. For a categorized list of health products that could serve as a useful starting point to review import bottlenecks, see table. Removing trade impediments for medical products could be an immediate low-hanging fruit for Governments.

The universe of health products

<i>Pharmaceutical industry</i>	<i>Other industries</i>
Dosified medicines	Chemical inputs of general purpose
Bulk medicines	Hospital and laboratory inputs
Inputs specific to the pharmaceutical industry	Medical technology and equipment

Source: Mathias Helble, “More trade for better health? International trade and tariffs on health products”, Staff Working Paper, No. ERSD-2012-17 (Geneva, Economic Research and Statistics Division, WTO, 2012).

15. Some Governments 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.

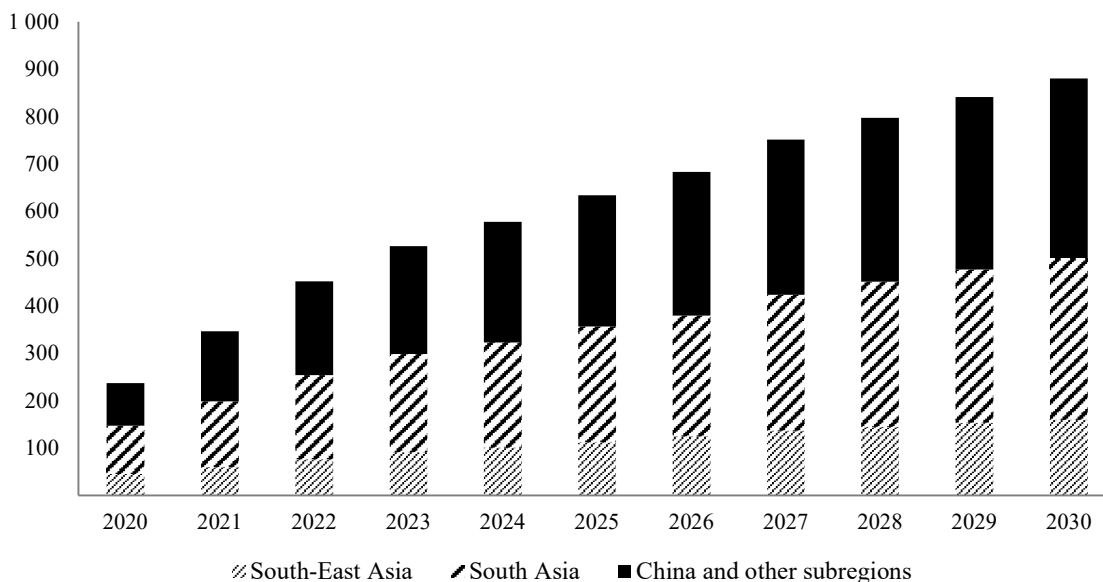
2. Avoiding beggar-thy-neighbour policies to help Governments to fight the pandemic

16. A knee-jerk reaction in many countries has been to limit the export of key medical supplies, most notably medical face masks. Since the beginning of 2020, many Governments have taken steps to ban or limit the export of medical equipment and medicines. The key argument for such measures has always been that Governments 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 that Governments realistically assess their critical need of supplies and work collaboratively to support 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.

D. Long-term fiscal measures

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

Figure III
Investment needs in health emergency preparedness: Asia-Pacific developing countries
 (Millions of United States dollars)



Source: ESCAP calculations based on *Economic and Social Survey of Asia and the Pacific 2019: Ambitions beyond Growth* (United Nations publication, Sales No. E.19.II.F.6).

18. To minimize the social impact of such crises in future, social protection should be strengthened. Social protection serves as an automatic stabilizer which, when unemployment rises and people’s incomes decline, would kick in to protect the most vulnerable. According to ESCAP estimates, to establish a social protection floor aimed at ensuring a minimum income guarantee that would cover the full life cycle in the region’s developing countries would require an annual additional investment of \$317 billion, or 1 per cent of the region’s GDP.³

19. The policy response should put people before economic recovery, because investments in people will support the economic recovery. Indeed, in the context of estimating the investments required to achieve the Sustainable Development Goals in Asia and the Pacific, the secretariat’s advice to member States has been to prioritize investments in people (\$669 billion) and the planet (\$590 billion) over prosperity (\$196 billion). The bulk of the investment needs to be directed towards providing universal health coverage and a social protection floor.

E. Regional cooperation

1. Establishing a subregional/regional public health emergency fund

20. To contain COVID-19, cure infected people and develop vaccines will require financial resources. Not all Governments in the region can achieve this independently. A public health emergency fund can help to mobilize financial

³ *Economic and Social Survey of Asia and the Pacific 2019: Ambitions beyond Growth* (United Nations publication, Sales No. E.19.II.F.6).

resources at the regional level and provide targeted support for countries that are most affected by the virus. In this regard, the Government of India proposed the establishment of a COVID-19 emergency fund under the auspices of the South Asian Association for Regional Cooperation and offered an initial contribution of \$10 million. This would entail the pooling of subregional resources for rapid response teams of doctors and specialists together 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 for the management of an emergency fund, bringing together stakeholders including member States, regional intergovernmental organizations, multilateral development banks, the private sector, philanthropic institutions and civil society.

2. Coordinating debt relief and/or deferral of debt repayments

21. 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, Governments should show flexibility in their budgetary positions to come 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 deficits 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 of debt relief or deferral of debt repayments is needed. Such measures could be coordinated with multilateral organizations such as the International Monetary Fund and the Asian Development Bank.

II. Social dimension: impact and policy response

22. Countries with established universal health care and universal social protection systems are best positioned to address the pandemic. With regard to policy responses, vulnerable population groups must be placed at the centre of all social policy reform packages in the short and medium term. In the long term, Governments should invest to enhance emergency preparedness and strengthen social protection in order to increase the resilience of economies and minimize the impact of future health emergencies. In the meantime, digital connectivity is making social distancing without social isolation possible, but investments need to be stepped up to reduce the digital divide. Regional cooperation can be useful in addressing the social dimension of the crisis by promoting enhanced collaboration on health-care-related research and development, so that vaccines and medicines can be developed quickly and made available for the benefit of all countries in the region.

23. As COVID-19 spreads across the world, the limits of health-care systems are being tested. Governments' capacities to detect, monitor, treat and contain the disease 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.

24. When it comes to the indirect impacts of the outbreak, massive layoffs and falling levels of production and consumption are expected. For countries 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 to mitigate disruption and cushion the negative impacts of the pandemic.

25. People who are already in vulnerable situations are disproportionately at risk in the face of COVID-19. The vast majority of people in the region are dependent on low and irregular income for their livelihoods. 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 be centred on these groups.

A. Underlying inequalities

26. Health inequalities abound in the Asia-Pacific region. Approximately 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 of protecting 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.

27. An estimated 1.6 billion people lack access to basic sanitation and 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. Households that lack access to basic clean water and sanitation are usually poorer and less educated.⁴ Members of such households 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 more than 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.

28. More than 60 per cent of the Asia-Pacific population also lacks access to social protection, as do most informal sector workers, who represent 70 per cent of all workers in the region. 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.

B. Poor detection, support and treatment

29. Increased 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 compromises the detection and containment of the virus. Universal health care and social protection benefits can support quarantine, detection and treatment efforts.

30. 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 the provision of public health care, many people remain untreated. To date, commitment to universal health care has been low in the region. In developing

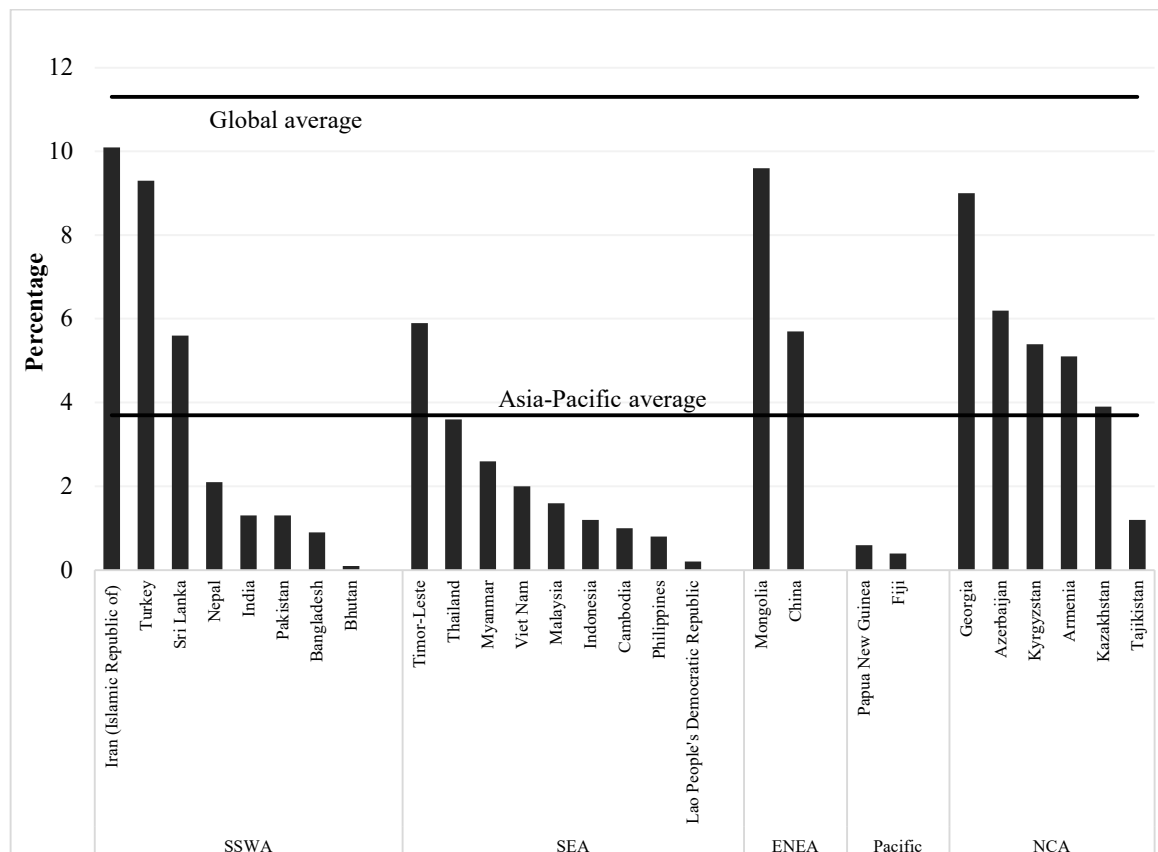
⁴ ESCAP, *Inequality of Opportunity in Asia and the Pacific: Water and Sanitation* (ST/ESCAP/2840).

countries, approximately 2 per cent of GDP is spent on health, compared to the global average of 4.7 per cent. In the region, only a handful of 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.

31. Without unemployment benefits, many workers, especially in the informal sector and small and medium-sized enterprises, will not be able to sustain their basic living standards. Even when employees have access to separation benefits, they still may experience insecurity regarding longer-term employment prospects. Some Governments, such as in Cambodia, Japan and Thailand, have therefore announced emergency cash handouts to relieve the burden on households.

32. For those on the frontline of the fight against COVID-19, such as health-care workers and caregivers in hospitals and nursing homes, having access to a robust social protection system is essential to ensure access to occupational-injury and survivor benefits. In China alone, 3,387 health-care workers have contracted COVID-19, and a number of medical workers have died not only from infection but from cardiac arrest, exhaustion and other occupation-related ailments as well. Currently, however, spending on social protection in developing countries in the region amounts to just 3.7 per cent of GDP (see figure IV). This is far below the Organization for Economic Cooperation and Development average of approximately 20 per cent, and less than one third of the global average of 11.3 per cent.

Figure IV
Spending on social protection as share of gross domestic product, 2019



Source: International Labour Organization, *World Social Protection Report 2017–2019: Universal Social Protection to Achieve the Sustainable Development Goals* (Geneva, 2017).

C. People in vulnerable situations are most at risk

33. People in vulnerable situations are particularly at risk as a result of the outbreak of COVID-19, owing to their health and overall social and economic circumstances. Early analysis indicates that older persons, for example, have been disproportionately affected by this outbreak. Death rates in older persons range from 20 to 40 times greater than the rates of the rest of the population. The virus poses a greater risk for older persons, 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 the Asia-Pacific region 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 at risk of potentially losing their life savings or overall financial security overnight owing to the global financial turmoil. Because of rapid population ageing throughout the region, many Governments face significant challenges in providing the needed care, particularly during the sudden onset of a pandemic.

34. 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, the ability of persons with disabilities to access basic services will be impacted much more than that of the general population. Many such persons are poor, in vulnerable employment and without adequate social protection. Their livelihoods and well-being are therefore at serious risk. To address these specific vulnerabilities, Governments will need to develop specific strategies.

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

36. Early evidence suggests that men are more vulnerable to the disease and at greater risk of dying than women, possibly owing to sex-based immunological or gendered differences including the prevalence of smoking. However, health-care workers are predominantly women and more exposed than the average population. 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 informal 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 in the face of 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,⁵ it is important that Governments conduct a gender analysis of the impact of the pandemic to guide gender-responsive and gender-sensitive interventions.

37. 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 in which older persons make up a greater share of the population appear to be particularly affected. Population groups more likely to engage in 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 owing to less dense populations and the availability of food and water. Cities, however, had high population density and lacked safe and reliable sanitation infrastructure, housing and access to clean drinking water and food. Urbanization, together with suburban sprawl, closer linkages between urban and rural areas and the emergence of exurbia have not necessarily made these places safer today. In certain combinations, some of these circumstances could have grave consequences for the spread of the disease within and among countries.

⁵ Clare Wenham, Julia Smith and Rosemary Morgan, "COVID-19: the gendered impacts of the outbreak", *The Lancet*, vol. 395, No. 10227 (14 June 2020).

D. What can be done?

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

39. With regard to the absence of a universal health-care system, Governments should, as a minimum short-term measure for a crisis of this scale, step up efforts to ensure access to testing and treatment and waive the associated out-of-pocket costs, particularly for those not in a position to pay.

40. Measures including sickness, unemployment, occupational-injury and survivor benefits are standard components of a typical universal social protection system. In the absence of such a system, Governments should consider short-term relief measures, for example scaling up schemes already available for formal sector workers and public civil servants. Other measures could include ad hoc stimulus packages to support low-income households through unconditional cash transfers and provide small and medium-sized businesses with tax breaks and similar support. Governments across the region, such as in 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 existing measures.

41. When developing these temporary measures for the poor and vulnerable, it is crucial to be inclusive and avoid targeting particular groups. Proxy means testing almost always fails to reach those most in need of the support, particularly if administrative databases for individual incomes and expenditures are not available or regularly updated. These temporary assistance measures also need to focus particular attention on addressing the needs of women in informal and vulnerable employment and on ways to reduce their care burden.

42. 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 the World Health Organization (WHO). This global commitment is also reflected in target 3.8 of Sustainable Development Goal 3. 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, the cost of achieving this is affordable.

43. 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 essential 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 to ensure access to essential health care.⁶

44. Digital connectivity is making social distancing possible without social isolation, but the digital divide may accentuate social isolation. The use of information and communications technology (ICT) will help to 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 as the result of overcrowding. ICT also helps people to overcome the social and mental consequences of social distancing, allowing people in the workforce to continue to work from home and children to remain in school through virtual means. As Asia-Pacific Governments impose restrictions on international and domestic travel, close entertainment places, sports clubs, restaurants, universities and schools, and ban large gatherings, digital technologies are connecting people more than ever. However, inequality in access to broadband connectivity may hinder effective remote participation. This is particularly worrying in countries that still do not have affordable universal digital connectivity, and of particular concern in Asia and the Pacific, the region where the digital divide is greatest and indeed has expanded in recent years. As people-to-people connectivity becomes virtual in the face of COVID-19, 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.

45. 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. The accessibility of public health information and services to persons with disabilities and other vulnerable groups is critical.

46. Geo-referenced big data can help to deepen understanding of the patterns of contagion and decelerate the pace. Geo-referenced data on people's movement, supplied by mobile phone companies, are playing an important role in monitoring compliance with government 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 analysed by machine, has helped to identify patterns and deepen understanding of socioeconomic linkages across countries. There is scope to leverage existing regional cooperation mechanisms to promote the sharing of geospatial data and technical expertise.

47. Given that COVID-19 does not respect national borders, regional cooperation among countries can play a crucial role in strengthening research, contributing to the sharing of knowledge and best practices, helping to coordinate interventions and supporting development of critical treatment strategies including vaccines and other drugs. Regional cooperation among Governments dealing with one another 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.

⁶ WHO, "Universal health coverage (UHC)", 24 January 2019. Available at [www.who.int/en/news-room/fact-sheets/detail/universal-health-coverage-\(uhc\)](http://www.who.int/en/news-room/fact-sheets/detail/universal-health-coverage-(uhc)).

III. Environmental dimension: impact and policy response

48. Environmental policy responses that are grounded in the commitment to sustainability in key economic infrastructure areas such as transport, energy and telecommunications will not only help to fight COVID-19, but will also enable the region to pursue sustainable development and address climate change. In that regard, the aim of government stimulus packages and the rationalization of fossil fuel subsidies should be to accelerate decarbonization and the greening of the economy, including sustainable mobility. Furthermore, stimulus packages should not support business behaviours that lead to further environmental degradation. Regional cooperation remains vital in responding to the environmental dimension of the crisis to ensure that the outbreak and recovery are managed in a sustainable way; without this, the region's capacity to recover will be undermined and negative fallout from the outbreak will be exacerbated. Moreover, regional cooperation on preserving wildlife can prevent and mitigate future pandemics, for example by collectively banning the illegal trade of wildlife, adopting international sanitary standards and working together on stopping habitat loss.

49. The slowdown of economic activities in Asia and the Pacific is mitigating some of the strain on the environment. As the result of COVID-19, economic activities have slowed, industrial activities have temporarily shut down and schools and a range of public institutions have closed, affecting millions of students and significantly reducing air travel and human mobility worldwide. This has reduced demand for oil and gas, and resulted in a 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.

50. 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 have gained or increased their competitive advantage. Containing the outbreak has also promoted a more responsible approach to human mobility, with travellers carefully examining their individual travel needs to discriminate between essential and non-essential travel or to find alternatives to travel (for example, telecommuting and virtual meetings). It is likely that carbon dioxide emissions in China have been reduced by one quarter or more in February 2020. The two-month lockdown in that country and the resulting reduction in air pollution may have saved the lives of 4,000 children under the age of 5 and 73,000 adults over the age of 70.⁷ These estimates show that decisive action taken by Governments can have an immediate positive effect on global challenges such as the ongoing climate crisis.

51. However, emissions and other environmental externalities will likely rebound and perhaps even increase once the crisis is over, owing to the need to restock missing supplies and in the course of the general economic recovery.⁸ In the previous health crises linked to severe acute respiratory syndrome (SARS), the Influenza A (H1N1) virus and the Ebola virus disease, and even the Spanish flu in the early twentieth century, disruptions were followed by a strong and robust rebound of transport demand. The recovery scenarios for

⁷ G-FEED, "COVID-19 reduces economic activity, which reduces pollution, which saves lives", 8 March 2020. Available at www.g-feed.com/2020/03/covid-19-reduces-economic-activity.html.

⁸ Glen P. Peters and others, "Rapid growth in CO2 emissions after the 2008–2009 global financial crisis", *Nature Climate Change*, vol. 2 (January 2012).

COVID-19 are hard to predict with certainty. But while changes to logistics supply chains and possible protectionist trends will surely have repercussions on the geography of trade, they may not necessarily result in a reduction in the volume of goods or number of people being moved.

52. 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.

IV. Implications for the energy sector and potential opportunities

53. The measures to contain COVID-19 have resulted in reductions in output ranging from 15 per cent to 40 per cent across key industrial sectors in China alone. In February, electricity demand and industrial output were far below the levels of the same period last year. Coal consumption at power plants was down 36 per cent, nitrogen dioxide levels, according to satellite-based measurements, were down 37 per cent and the utilization of oil refining capacity was down 34 per cent.

54. 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 the reduced movement of people due to travel bans and border closures have lessened the demand for refined oil products. Falling demand and prices have been compounded by the collapse of the agreement among member countries of the Organization of the Petroleum Exporting Countries (OPEC) plus a group of non-OPEC members to cut oil production, with the Governments of the Russian Federation and Saudi Arabia engaging in a price war. Collectively, these factors have depressed oil prices and impacted the revenue of oil producing countries. The fact that China is the world's largest oil importer exacerbated these impacts. As the transport and industrial sectors in that country were embarking on a slow restart in March 2020, other countries entered into a slowdown. Initial analysis suggests that the repercussions of the outbreak could reduce global oil demand by 0.5 per cent between January and September 2020.⁹ Thus a protracted period of low oil and gas prices hinges on the severity and longevity of the pandemic.

55. 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 less carbon-intensive direction. The aim of government stimulus packages should be to accelerate decarbonization and not encourage high-emitting projects. The renewable energy sector should be the main focus of the stimulus packages. It provides a window in which to meet energy needs without additional carbon impost, create more jobs per unit of energy delivered and help to phase out fossil fuel subsidies.

56. However, renewable energy projects have also been affected, by supply chain disruptions. Much of the world's solar panels, wind turbines and batteries originate in China, 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 equipment shortages which will hinder the growth of the renewable energy

⁹ Lauri Myllyvirta, "Analysis: coronavirus temporarily reduced China's CO2 emissions by a quarter", Carbon Brief, 19 February 2020.

sector. Sourcing from the supply chains of other countries may be a short-term response, but as COVID-19 takes hold globally, those supply chains may also come under pressure.

V. Implications for the transport sector and potential opportunities

57. The COVID-19 outbreak has resulted in a sharp and sudden decline in passenger travel and in the transport of goods, both regionally and globally. Approximately 80 per cent of businesses involved in the freight transportation industry are already affected.¹⁰ Shipping, which carries more than 80 per cent of global trade volumes, has registered plunging numbers with a sharp decline in container ships visiting Chinese ports in late January and early February 2020.¹¹ Aviation is one of the most visibly affected sectors, and there is growing concern about its ability to fully and quickly recover.¹² At the same time, most Governments have gone to great lengths to maintain the uninterrupted flow of cross-border freight and, to some extent, passenger movement, to support the continued functioning of economies and societies. The situation has also underscored the importance of resilient supply chains in order to enable the exchange of medical supplies and basic commodities and, when the time comes, a speedy delivery of vaccines and other medical treatments.

58. The unprecedented scale of disruptions to passenger and freight transport has provided an impetus for achieving more resilience and sustainability in the transport sector, thus establishing a close link between the outbreak of COVID-19 and the challenge of dealing with climate change.

59. The dramatic drop in nitrogen dioxide emissions in China demonstrated how much a drastic reduction in transport and industrial activity can impact emissions. There has been a shift towards international rail transport, promoting greater sustainability. In addition to its traditional advantages in terms of environmental impact, rail transport is proving to be the most shock-proof transport modality. Automated and smart transport and logistics practices, which tend to yield environmental benefits by optimizing transport and logistics operations, have become even more competitive by reducing human intervention and the associated risk of contamination.

60. Not all transport changes brought about by the outbreak have had a positive environmental impact. Ghost flights, or planes flying empty to preserve landing rights for the valuable transport routes, are the most striking example. New and sudden restrictions often lead to congested ports, airports and land border crossings with repercussions along the entire transport and logistics chains. Additional checks at the border tend to result in an increase in empty runs or additional deviations, offsetting the immediate benefits of cancelled or reduced travel or freight operations. While changes to logistics supply chains and possible protectionist trends will have repercussions for the geography of trade, they may not necessarily reduce the volume of goods or number of people being moved. In addition, there are likely to be other unintended consequences of the outbreak of COVID-19, such as an increased

¹⁰ Gennette Cordova, “Morgan Stanley: freight transport feeling impact of COVID-19”, *Air Cargo World*, 11 March 2020.

¹¹ See UNCTAD/DITC/INF/2020/1.

¹² International Air Transport Association (IATA), “IATA updates COVID-19 financial impacts: relief measures needed”, 5 March 2020.

use of private cars to the detriment of public transit, further exacerbating the challenges of reducing environmental footprints and addressing climate change.

VI. Innovation for enhanced resilience

61. The COVID-19 outbreak has placed pressure on employers and educational institutions to innovate to enable remote learning and working. These changes in software use, business processes and employee behaviour 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 temporary, offset by a return to status quo with no lasting impact on the sustainability of transport sector, unless a strong political will and solid policies are aimed at harnessing the lessons learned and innovation resulting from the outbreak.

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

Addressing interacting threats

63. The COVID-19 outbreak demands a reflective consideration of the environment and the interactions that humans have with nature. Climate change and changes in the environment are major drivers of vector-borne diseases, such as COVID-19, and they influence the complex interactions between vectors, animal hosts and pathogens contributing to disease transmission. Risk increases when cultural practices lead people to eat or come into close contact with wild animals that host dangerous viruses, as in the case of COVID-19. The spread of such zoonotic diseases is then accelerated by greater movements of people domestically and internationally.

64. The dramatic reduction in natural ecosystems and biodiversity, coupled with unprecedented increases in the number of animals being used to supply an increasing population with animal protein, have resulted in rapid increases in zoonotic diseases as well as a rise in food-borne zoonoses in the past two decades. Annual economic losses due to the impacts on productivity and health-care costs are estimated in the billions of dollars, impacting low- and middle-income countries in particular.¹³ Viruses transmit genetic material from one organism to another, but also between ecosystems. In this regard, climate change, deforestation, internal displacement and the 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 adequate response mechanisms, infrastructure and health workforces.

65. Environmental protection must include policies and measures that promote a healthy environment to enable 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 unsanitary practices. Countries in the region should work together in the

¹³ World Bank, *People, Pathogens and Our Planet*, vol. 2, *The Economics of One Health* (Washington, D.C., 2012).

development of regional sanitary and phytosanitary standards that help to prevent and mitigate similar pandemics in the future, addressing food contamination and food pollutants. Zoonotic diseases are complex, and Governments should be encouraged to address the interacting threats due to illegal trade, habitat loss, climate change and various sources of pollution by developing collaborative policy frameworks.

VII. Setting the stage for the new normal will require national action and regional collaboration

66. The anticipated post-pandemic return to normal conditions may involve a return to business as usual. Policymakers need to consider how best to assimilate the positive lessons learned of COVID-19, such as making greater use of technologies for remote working and remote learning to reduce congestion, energy demand and air pollution. This underscores the crucial importance of policies and measures in dealing with the outbreak and, more importantly, in managing the transition post-COVID-19.

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

68. Governments should invest their efforts in establishing a new normal, promoting the practices and innovative solutions piloted during the outbreak as recommended best practices. Transport and other regulations resulting in unintended externalities during the disruptions must be revised, and contingency scenarios adjusted, as a result of learning from the COVID-19 experience. A more responsible approach to human mobility to the conventional methods and volume of travel, namely one based on the “avoid/reduce, shift/maintain, improve” concept, should also become an integral part of the new normal as a lasting positive effect of the outbreak.

69. While many supply chains for renewable energy components originating in China 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 that COVID-19 should not distract the focus on policy support for renewable energy deployment. This focus needs to be sustained to address the urgent long-term goal of decarbonizing the region’s energy systems. Failure to do so could result in a rebound and the continuation of the previous carbon-intensive pathway.

70. Regional cooperation remains vital as it enables collaborative efforts, the exchange of best practices and lessons learned and the careful examination of the short- and long-term impacts of implemented or anticipated travel and freight transport restrictions. Continuing to bridge the infrastructure divide is indispensable to ensure that no country or territory is left alone in the fight and recovery.

71. 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; municipal authorities should better monitor and design the use of public spaces and access to water,

sanitation and hygiene services; and Governments should collaborate to simultaneously ban the trade of wildlife, harmonize sanitary standards across the region and address the interacting threats due to illegal trade, habitat loss, climate change and various sources of pollution.

72. The outbreak has underscored once again that 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 including investing in human and institutional capacity, leveraging technology and innovation, and improving urban basic services as well as supply chain and other logistics management mechanisms.

VIII. Conclusion

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

74. Unless measures are put in place to meet the needs of vulnerable individuals and households that are already bordering on poverty, the pandemic will only lead to the further widening of inequality gaps and people becoming entrenched in poverty. The costs of neglecting these vulnerable populations will be felt not only in the impacts to economic activity, but also in 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 on the basis of inclusion, solidarity, equality and respect for human rights.

75. Human rights for all must be protected, and Governments must adhere to existing human rights instruments. Civil liberties are often imperilled during major crises. Temporary special measures that infringe on civil liberties, human dignity and personal privacy must end when the emergency has passed, not become the new norm. Disease causes unreasonable fear and panic, which in turn can foster discrimination and xenophobia. Stigmatization of particular groups during the outbreak can force people into hiding and increase risks of further spreading 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.

76. In the words of the Secretary General, let inspiration be found in those who are “caremongering” rather than scaremongering. If anything is to be spread, let it be kindness.