

ASG Update: COVID-19 Global Progression and Response

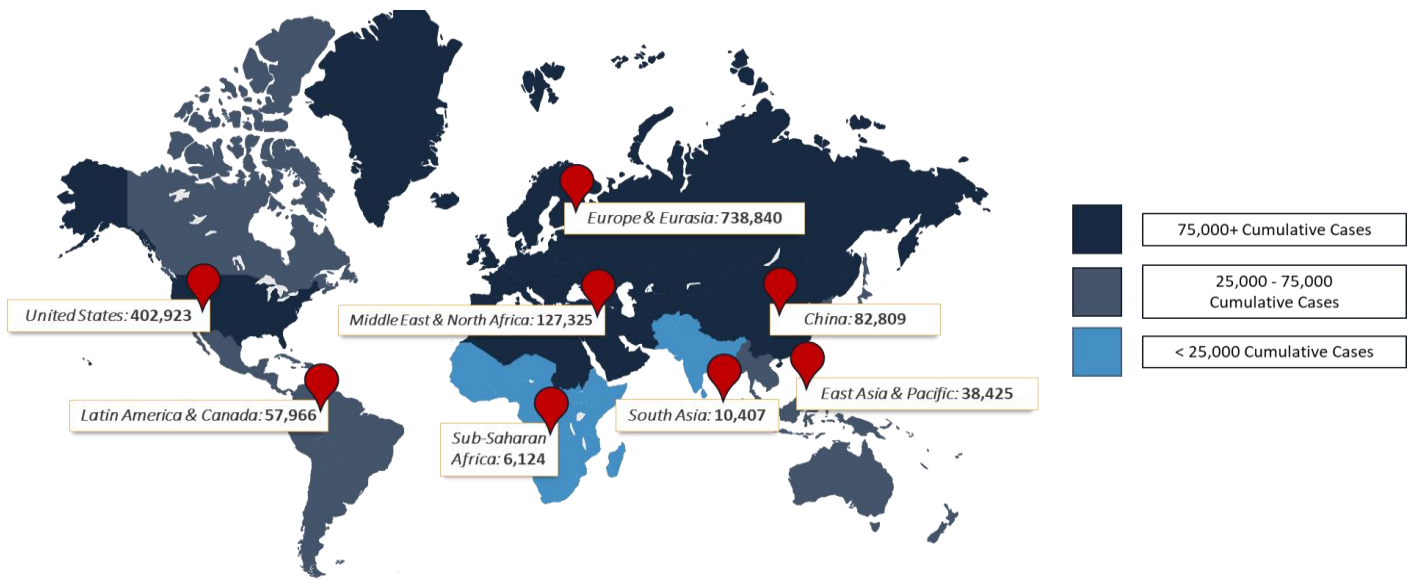
April 8, 2020

ASG is pleased to provide regular updates on the economic and commercial implications of COVID-19. Please note that information regarding the outbreak is quickly dated, and that statistics included in this update were current at the time of writing.

Key Takeaways

- Supply chain disruptions and shortages of protective gear and medical products in the U.S. have captured the attention of U.S. government officials and prompted increasing calls for greater medical supply chain self-sufficiency. This has energized those who advocate for economic decoupling from China, with a new focus on the pharmaceutical industry. It could introduce new, complicating factors for multinational companies engaged in global supply chain planning.
- The impact of lowered government revenue combined with slowed growth is expected to undermine the vitality of many already-fragile economies, especially in Latin America and sub-Saharan Africa. In response, a number of countries are scrambling to put in place fiscal measures to deal with the crisis and put investors' concerns at ease.
- There are now four clear front-runners in the COVID-19 vaccine race. Moderna, CanSino, Oxford University, and Inovio each have Phase 1 clinical trials underway and plan to start Phase 2 and 3 immediately following successful completion of the current trials. In the therapeutics area, Gilead Sciences is expected to release its initial results from two separate clinical trials of its antiretroviral Remdesivir.

Map of Cumulative COVID-19 Cases



Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

Regional Updates (April 1 – April 8)

CHINA

Government Response: The Beijing Municipal Government has warned that outbreak control and prevention measures will likely be the “new normal.” In a recent press conference, a Beijing government official said that strict measures will continue for the foreseeable future. Additionally, the government issued a notice last week requiring Beijing, Shanghai, Tianjin, and nine provinces and autonomous regions to strengthen screening of international travelers coming from or having resided in countries seriously affected by the outbreak, and to improve training for medical workers. This underscores the government’s continued concern that imported cases could spark a resurgence of infections within China’s borders.

The Economy: China may see zero or negative growth in 2020 Q1, fueling growing debate among Chinese policymakers about how best to spur economic growth. Chinese economists have stepped up calls to lower the official government GDP growth target to prevent overheating. They also advocated for greater tolerance of more aggressive stimulus policies to support employment and provide a lifeline to businesses facing closure. Meanwhile, China this week announced several new pilot zones aimed at driving the growth of cross-border e-commerce. Hainan Province, in China’s south, will ramp up investment to transform the island into a global sports tourism destination. The central government also has relaxed restrictions on automobile purchases in several cities. These steps reflect the importance of the service and consumption sectors to China’s economic recovery.

Looking Ahead: After weeks of bitter disputes over nomenclature, virus origin, and data sharing, the U.S. and Chinese Ambassadors and a community of academics and former senior officials in both countries have issued calls for closer collaboration. On April 3, U.S. Ambassador Terry Branstad released a statement praising bilateral cooperation on procuring medical equipment. On April 5, the *New York Times* published an opinion piece by Chinese Ambassador Cui Tiankai that called for the two countries to put their differences aside and concentrate efforts on “solidarity, collaboration, and mutual support.” Additionally, Chinese academics and U.S. academics and retired officials separately issued two open letters last week calling on both countries to put aside their differences and concentrate efforts on responding to the pandemic.

EAST ASIA & PACIFIC

Japan & Korea

Government Response: **Japanese** Prime Minister Shinzo Abe declared a state of emergency for Tokyo, Osaka, and five additional prefectures. This declaration empowers local officials to close schools and public facilities and direct residents to stay home. However, the lack of enforcement

Active cases and % change in
China since 04/01/2020

China | 1,190 | -45%



Upward Trend
Downward Trend



Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

Active cases and % change in
EAP since 04/01/2020

Korea | 3,408 | -18%

Malaysia | 2,567 | +16%

Japan | 3,542 | +115%

Thailand | 1,451 | +16%

Indonesia | 2,494 | +76%

Philippines | 3,592 | +66%

Singapore | 1,211 | +61%

Cambodia | 54 | -36%

Laos | 15 | +50%



Upward Trend
Downward Trend



Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

mechanisms may limit the effectiveness of stay-at-home orders. The state of emergency is expected to last until May 6. Notably, while Tokyo governor Yuriko Koike encouraged residents to work remotely through April 12, some employees continue to commute to work. **Korean** authorities have extended intensive social distancing measures for an additional two weeks, through April 19, and increased penalties to 10 million won (\$8,100) or one year in prison for breaking quarantine rules.

The Economy: Japanese Prime Minister Shinzo Abe announced a 108.2 trillion yen (\$994 billion) stimulus package that the Cabinet approved on April 7. As part of this package, new government spending is set to reach 39.5 trillion yen (\$363 billion) while 4 trillion yen (\$44 billion) is set aside for cash handouts and 2.3 trillion yen (\$21 billion) is designated for support to small and medium-sized enterprises. The government will also be instituting a one-year tax moratorium totaling 26 trillion yen (\$239 billion). **Korea** announced two economic support measures aimed at propping up domestic demand and exporters negatively impacted by COVID-19. To support domestic consumption, the Moon administration will propose an additional 7.1 trillion won (\$5.8 billion) supplementary budget to provide coupons and gift certificates to earners in the bottom 70% of income brackets. Separately, the Moon administration unveiled a 36 trillion (\$29.5 billion) support package for exporters that provides extended trade insurance maturities, low-cost financing and guarantees for overseas projects, and discounted trade insurance programs for small and medium enterprises.

Looking Ahead: Parliamentary elections will be held in **Korea** as planned on April 15. The government has directed voters to wear masks and gloves and will be checking temperatures at polling places.

Southeast Asia

Government Response: Movement restrictions and closed borders are the norm across Southeast Asia as infections in the region spread. **Singapore**, which had controlled its outbreak through rigorous testing and quarantine, issued a control order banning social gatherings and closing schools and most businesses amid a surge of cases. **Malaysia** is adjusting its enforcement of the Movement Control Order (MCO) as cases are currently expected to peak in mid-April, according to the World Health Organization (WHO). Senior Minister Datuk Seri Ismail Sabri Yaakob said that the government will revise the MCO to apply appropriate restrictions in different zones depending on infection rates. Officials are tracking 40,000 individuals that are connected in a contact chain to 11,000 others who attended a tabligh assembly at Sri Petaling Mosque, which has been linked to a number of infections. The rate of infection in **Thailand** has been decreasing after the government declared a state of emergency and imposed a lockdown and curfew. Thailand extended foreigner visas after initially enforcing normal visa overstay rules during the crisis, which led to crowded lines of tourists and expats at immigration offices because of the lack of flights out of the country. **Myanmar's** military has taken the helm to bring the spread of COVID-19 under control. Former general and current Vice President Myint Swe is leading a COVID-19 Task Force that has claimed sweeping powers, effectively superseding Aung San Suu Kyi's democratic government. Myanmar's civil society organizations spoke out against government actions to block ethnic news media and various websites under the pretense of preventing "fake news," and to arrest journalists for interviewing controversial figures such as the Arakan Army spokesman. There is substantial concern about the country's internally displaced people. More than 350,000 refugees in Myanmar are in overcrowded camps that Human Rights Watch has called "COVID-19 tinderboxes." In the **Philippines** President Rodrigo Duterte has escalated military and police enforcement of lockdown restrictions, ordering that violators be shot. Public complaints about food shortages and a lack of government assistance have reportedly been met with forceful police action and arrests.

The Economy: As economic growth in the region has slowed, governments have continued to expand stimulus offerings in an effort to keep workers employed and support low-income individuals. **Malaysian** Prime Minister Muhyiddin Yassin announced a package totaling RM10 billion (US\$2.3 billion) in grants, loans, and tax deductions to supplement the wage subsidy program previously announced and to support small- and medium-sized businesses. **Vietnam** announced plans for a new \$2.6 billion stimulus that would include cash for people and businesses, focusing on those who have lost income or jobs and low-earning households. **Thailand's** Finance Minister Uttama Savanayana announced that the Cabinet had approved a \$58 billion stimulus package, with 60% going to public health and relief efforts and the rest for economic support. **Indonesia** announced a new stimulus package of \$25 billion and is targeting bond sales of Rp 390 trillion to help finance the effort. The government raised the budget deficit cap from 3% of GDP, which had been in place since the 1998 Asian financial crisis, to 5% to support the effort. As a percentage of GDP, Indonesia's stimulus still lags behind Singapore, Malaysia, and other regional economies. Manufacturing dropped to an all-time low in response to lower demand for exports and the Asian Development Bank is forecasting GDP growth at 2.5%, down from 5% growth in 2019. Bank Indonesia says the New York Federal Reserve has offered a \$60 billion credit line as a safety net, but indicated that it does not intend to make use of this offer as of now.

Looking Ahead: Several of Southeast Asia's poorest countries, including **Cambodia, Myanmar and Laos**, continue to have very low levels of testing and reporting for COVID-19 cases. **Indonesia's** Foreign Minister Retno Marsudi made a public call for an ASEAN special session on COVID-19, potentially including the plus three partners of China, Japan, and Korea. ASEAN has struggled to implement a regionally cohesive response and **Vietnam**, this year's Chair, has postponed the April 6 ASEAN Leaders' Summit until June.

Australia & New Zealand

Government Response: Seven cruise ships off the coast of **Australia** are in a standoff with the government after being prevented from making port amid virus concerns. Medical teams have been dispatched to assess the health of crew members and the more than 8,000 tourists aboard the ships. Prime Minister Scott Morrison ordered tourists who cannot support themselves financially to leave Australia by April 3 and closed internal borders as local transmission increased. **New Zealand's** strict lockdown, which the government describes as aiming for elimination, rather than containment, seems to be working as the daily number of new infections continues to fall. New Zealand initiated its restrictions on March 25 and Prime Minister Jacinda Ardern has said that the country will complete at least four weeks of lockdown before considering easing restrictions.

The Economy: The **Australian** parliament passed the AUD\$130 billion (US \$80 billion) JobKeeper wage subsidy package, which will provide approximately 6 million eligible employees \$1500 AUD (US \$934) twice a month for six months through their employers. The Reserve Bank of Australia is keeping interest rates low to support employment and inflation goals.

EUROPE

Government Response: Most European countries remain in lockdown, but some are beginning to discuss exit plans. **Austria** last week started easing restrictions, and along with **Denmark** and the **Czech Republic**, may further lift its national quarantine after Easter. The EU has warned member states not to prematurely end the lockdowns and is working with countries to draft EU-wide guidance on exit strategies. Separately, EU leaders tried and failed this week to strike a deal on an EU stimulus package to support beleaguered public health systems and governments grappling with the crisis.

The Economy: Recently released economic numbers are confirming many economists' predictions of a severe recession in Europe as a result of the virus. **France** estimates that its GDP has dropped 6% this year, with each two-week period that the country lives under quarantine corresponding to a 1.5% contraction of growth. This amounts to the sharpest drop in French GDP since the second world war. **Germany's** economy is projected to shrink by 10% this year, while **Spain** expects a 9% contraction. Most non-essential businesses remain closed across Europe and manufacturers are struggling to maintain their supply chains in the face of increased restrictions on cross-border movement.

Looking Ahead: Case growth is expected to accelerate across Europe this week, even as we start seeing signs of a potential peak in hard hit countries like **Italy**. EU leaders will continue to negotiate a deal to provide immediate relief to the hardest hit countries, including Italy and **Spain**. As part of these discussions EU finance ministers will meet tomorrow to develop the conditions attached to loans from the European Stability Mechanism. The debate has hit a roadblock as southern countries balk at the types of conditions that were placed on **Greece** during the last financial crisis, and northern countries like the **Netherlands** insist that aid not be "strings free." Additional negotiations will begin on amending the bloc's seven-year budget to focus on the COVID-19 response. Discussions on a post COVID-19 recovery package will likely be postponed until an accord is struck on immediate relief.

LATIN AMERICA

Government Response: Most governments in the region have continued or extended quarantine procedures and the closures of non-essential businesses and public spaces this week. However, many are starting to feel the full economic pain of shutdowns and are considering a gradual resumption of some activities as early as April 12. For example, **Argentina** and **Peru**, which have been relatively successful in mitigating the spread of the virus so far, are considering restarting some of the most productive sectors of the economy, such as agribusiness, construction and manufacturing. **Brazil** remains an outlier in the region, as President Jair Bolsonaro continues to dismiss expert recommendations and clash with local governments about the implementation of a nationwide lockdown.

Active cases and % change in Europe since 04/01/2020

Italy	139,422	+28%	↑
Spain	146,690	+55%	↑↑
Germany	107,663	+60%	↑↑↑
France	109,069	+109%	↑↑↑↑
Switzerland	22,789	+41%	↑↑↑↑↑
United Kingdom	55,242	+120%	↑↑↑↑↑↑
Netherlands	20,549	+63%	↑↑↑↑↑↑↑
Austria	12,852	+26%	↑↑↑↑↑↑↑↑
Belgium	23,403	+83%	↑↑↑↑↑↑↑↑↑
Norway	5,953	+25%	↑↑↑↑↑↑↑↑↑↑

Upward Trend
Downward Trend



Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

Active cases and % change in Latin America since 04/01/2020

Brazil	13,234	+137%	↑
Ecuador	3,635	+40%	↑↑
Chile	4,175	+50%	↑↑↑
Panama	2,174	+90%	↑↑↑↑
Peru	1,546	+141%	↑↑↑↑↑
Mexico	2,011	+75%	↑↑↑↑↑↑
Colombia	1,630	+90%	↑↑↑↑↑↑↑
Argentina	1,295	+66%	↑↑↑↑↑↑↑↑

Upward Trend
Downward Trend



Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

The Economy: Latin America's economic outlook is dire. The International Monetary Fund (IMF) is now predicting that the region will face its most severe recession in 50 years. With limited public resources available, many countries are turning to international institutions and partners for support. Fourteen countries in the region have asked the IMF for emergency funding totaling \$4.48 billion, and some are working closely with trading partners in Asia for medical supply donations and financing.

On the policy front, governments are continuing to implement short- and medium-term economic relief measures, which in most cases look insufficient to stave off a severe economic shock. For example, while **Mexico's** President Andres Manuel Lopez Obrador (AMLO) finally began to put into place relief measures for informal workers and small businesses, he continues to resist calls from the private sector to take bolder steps to support the country's small and medium sized enterprises, which generate over 70 percent of total jobs, and the beleaguered manufacturing and tourism sectors. This is in spite of the fact that analysts now forecast that the Mexican economy may contract by 7-8% in 2020.

Looking Ahead: As the crisis deepens, countries' healthcare capacities will increasingly be pushed to the brink of failure. Years of insufficient spending and long-standing inefficiencies mean that Latin America's hospitals and clinics remain ill-prepared to combat a significant rise in COVID-19 cases. Guayaquil, **Ecuador** has become an early case study of this risk. The explosion of cases has overwhelmed hospitals and clinics, and high death rates have caused massive delays at funeral homes and morgues. More than 400 bodies of suspected coronavirus victims have been found on the streets.

While the crisis has not yet peaked in the region, ASG expects that the accelerating economic pain of the shutdown will put additional pressure on governments to take more aggressive steps to protect vulnerable populations. This may lead to increased pressure on the private sector to provide needed supplies and financing and to maintain employment. In spite of the obvious risks, governments may also begin considering ways to ease isolation measures, even against the advice of public health experts.

MIDDLE EAST & NORTH AFRICA

Government Response: Governments across the MENA region implemented further measures over the past week to slow the spread of the virus. **Saudi Arabia** placed four governorates and five cities, including the capital Riyadh and the commercial center of Jeddah, under 24-hour curfews until further notice. The Saudi health minister this week warned that the number of cases in the country could reach 200,000 over the coming weeks. A nationwide overnight curfew in the **UAE**, originally put in place for six days to allow for a "national disinfection campaign," has been extended indefinitely, and Dubai now requires residents to apply for permits for all essential movement, including trips to the grocery store, pharmacy, or doctor. **Israel** has struggled to contain the virus, which has spread rapidly among ultra-orthodox communities where religious schools remained open and public gatherings continued until early this week. There are some bright spots, however: after implementing restrictions on movement early in the crisis, **Jordan** this week reported a 13% decrease in the number of active cases. Health experts are pointing to the Jordanian

Active cases and % change in MENA since 04/01/2020

Iran	33,554	+15%	↑↑
Israel	8,531	+60%	↑↑
Saudi Arabia	2,276	+58%	↑↑
Qatar	2,026	+183%	↑↑
Egypt	1,080	+113%	↑↑
Bahrain	349	+54%	↑↑
Lebanon	494	+17%	↑↑
UAE	2,161	+262%	↑↑
Algeria	1,162	+60%	↑↑
Iraq	684	+44%	↑↑
Morocco	1,054	+83%	↑↑
Jordan	209	-13%	↓
Kuwait	743	+214%	↑↑
Tunisia	575	+42%	↑↑
Oman	345	+97%	↑↑

Upward Trend ↑
Downward Trend ↓

Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

response, which has included a round-the-clock curfew, a ban on intercity travel, and strict enforcement of social distancing guidelines, as a model for other low- and middle-income countries seeking to stem the spread of the virus.

The Economy: Evidence is growing that the COVID-19 pandemic is halting previously forecasted recovery in Middle East economies this year. The quarterly ICAEW-Oxford Economics report released in late March forecasts 1% growth in Middle East GDP in 2020, up from 0.2% last year but still weak historically. The report slashed forecasted non-oil growth in **Saudi Arabia** from 2.8% to 0.7%; Saudi non-oil GDP grew by 3.3% last year. On April 7, **Qatar** announced that it would suspend \$8.2 billion in unawarded contracts due to the economic impact of the virus. **Oman** anticipates a second year of subdued economic growth, after GDP growth fell to nearly zero in 2019. In **Lebanon**, the economy is expected to contract by 9% as the pandemic exacerbates an existing economic crisis. **Tunisia** cut its growth forecast from 2.7% to 1% and announced on April 2 that it may impose additional taxes on private companies if the government cannot gather sufficient revenue. **Morocco** announced that its economy will likely contract by 1.8% in Q2 after growing by 1.1% in Q1. The current lockdown is expected to reduce growth in April alone by \$1 billion.

As the fallout from the pandemic grows, governments across the region—especially in the Gulf—are ramping up stimulus measures. On April 3, the Saudi government announced it would cover up to 60% of the salaries of Saudi nationals employed in industries hard-hit by the coronavirus for the next three months. The **UAE** Central Bank, under a newly installed governor, announced on April 5 that it would increase the size of its stimulus package from roughly \$27 billion to \$70 billion as well as relax liquidity and cash reserve requirements. However, lower-income countries are struggling to keep up with costs. Tunisian Prime Minister Elyes Fakhfakh announced that his country will need more than \$1 billion to make it through the crisis and requested \$400 million in emergency funding from the IMF. On April 7, Morocco drew on its \$3 billion IMF credit line to offset the economic impact of the crisis. In **Algeria**, the prices of masks and hand sanitizer have increased by almost 200%, and food prices have also risen dramatically, prompting Trade Minister Kamel Rezig to threaten to place price ceilings on basic goods.

Looking Ahead: Over the next week, we may see other countries across the region follow the lead of **Jordan**, **Saudi Arabia**, and the **UAE** in imposing round-the-clock curfews as the number of cases continues to grow and less restrictive measures prove ineffective. **Qatar**, which has thus far refused to implement the kind of sweeping restrictions on movement and travel imposed by its Gulf neighbors, saw its number of cases triple this week. If this trend continues and the virus begins spreading widely within the densely populated camps of migrant laborers working on World Cup infrastructure, Qatar risks becoming a new regional hotspot and will come under growing pressure to take more serious action, including suspending Cup-related work.

Concerns have also been raised about the potential for the virus to spread in war-torn **Syria**, **Yemen**, and **Libya**, which are at high risk for developing hidden outbreaks due to their very limited health infrastructure and access to testing. A serious outbreak in Yemen would exacerbate the existing humanitarian crisis in the country and could pose a public health challenge for neighboring Saudi Arabia and **Oman**.

SOUTH ASIA

Government Response: The reported number of active COVID-19 cases remains limited across South Asia, though concerns about the spread of the virus continue to grow. Partial or full lockdowns continue across **India**, **Pakistan**, **Bangladesh**, **Sri Lanka**, and **Nepal** amid reports and conjecture

Active cases and % change in South Asia since 04/01/2020

Pakistan	3,669	+87%	↑
India	5,065	+251%	↑
Sri Lanka	138	+12%	↑
Bangladesh	165	+617%	↑
Maldives	6	0%	↑
Nepal	8	+100%	↑

Upward Trend ↑
Downward Trend ↓

Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

that policymakers are considering extending the durations of lockdowns beyond their original stated timelines. Military and police authorities continue to play a critical role in enforcing national shutdowns, as evidenced in India, Pakistan and Bangladesh. Pakistan remains unable to enforce bans on religious gatherings, with police in Islamabad and Karachi clashing with prayer leaders and worshippers. The alarming scale of human migration within India has threatened to accelerate the virus' spread to distant parts of the country, as out-of-work people and their families leave large cities to head back to their towns and villages despite the national lockdown.

The Economy: South Asian nations face grim GDP growth projections for 2020. **India's** growth is projected to slow to 1% this year, while the Asian Development Bank sees **Pakistan's** and **Sri Lanka's** economic growth falling to 2.6% and 2.2% respectively for the 2020 fiscal year. **Nepal, Bangladesh, and Maldives** are also unlikely to meet previously-set growth targets. Most nations are providing relief packages for their citizens most gravely impacted by shutdowns. Pakistan, in addition to the \$7 billion aid program announced in late March, introduced cash transfers, an assistance package for the construction industry, additional lending options, and subsidized loans for hospitals and medical facilities; Bangladesh has to date announced an \$8.5 billion stimulus package, \$593 million of which is designated to assist factory and export workers; and Nepal has begun providing relief in the form of food provisions to daily-wage earners. On April 8th, the Maldives announced a relief package to help resorts recover from a coronavirus-related decline in tourism. Under this package, resorts in the Maldives are set to receive MVR 7.7 million (approximately \$500,000) each. The Ministry of Finance of the Maldives also announced that those who have lost their jobs as a result of the COVID-19 outbreak will be provided with monthly allowances for three months. It is unclear whether these aid programs will be sufficient to provide relief to vulnerable populations or if South Asian governments are planning supplementary stimulus packages. Most countries in the region received financial assistance from the World Bank this week to aid in their economic responses. Both Bangladesh and Sri Lanka have asked their domestic garment industries to consider making PPE for the global market.

Looking Ahead: In the coming weeks countries across the region could start to see evidence of the community spread seen in other parts of the world, leading to a sharp escalation in the number of active cases. While a more robust testing regimen is likely to paint a more accurate picture of the extent of the virus' spread in South Asia, it will also hopefully reveal that forced social distancing measures have helped slow infection rates and consequently "flattened the curve."

SUB-SAHARAN AFRICA

Government Response: Last week, **South African** President Cyril Ramaphosa and African Union (AU) Chairperson Moussa Faki Mahamat convened a meeting of the AU Bureau of Heads of State and Government via teleconference to discuss a continental response to the pandemic. The group reiterated the need for rapid and concrete support from G20 members and other international partners such as the World Bank and the IMF. They also called for the lifting of sanctions on **Zimbabwe** and **Sudan** to enable them to adequately respond to the crisis to save lives. South African President Ramaphosa and Minister of Health Zweli Mkhize have been lauded for their efficient handling of the crisis. Despite obvious economic and institutional challenges, more than 47,000 people have been tested during a mass screening campaign utilizing 67 mobile testing units and door-to-door checks involving around 10,000 healthcare workers. African countries are also wary of the risk that the

Active cases and % change in Sub-Saharan Africa since 04/01/2020

South Africa	1,749	+35%	↑
Senegal	226	+57%	↑
Ghana	287	+81%	↑
Dem. Rep. Congo	161	+66%	↑
Nigeria	240	+71%	↑
Tanzania	19	+6%	↑
Angola	13	+225%	↑
Eritrea	31	+107%	↑

Upward Trend ↑
Downward Trend ↓

Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

virus outbreak poses to food security and have made moves to help stock their food stores. **Senegal's** President Macky Sall put out a tender for the purchase of 5,000 tons of rice, 500 tons of sugar, 10,000 liters of cooking oil, and 1,000 tons of pasta to help feed the population. Although many African governments have responded quickly by imposing stringent containment measures, factors such as extreme poverty, overcrowding in urban spaces, and the dominance of informal sectors in economies have made enforcement difficult. Growing public mistrust in authorities has also undermined efforts; for instance, in **Cote d'Ivoire**, police clashed with protestors who sought to demolish coronavirus testing centers built near their homes on April 6.

The Economy: The economic impacts of COVID-19 will be severe and in the long term could overshadow the health threat to citizens across the continent. An AU report forecasts a recession in Africa, with economic contraction expected to reach 0.8% this year. Some estimates predict that COVID-19 will cost 20 million jobs across Africa in the formal and informal sectors. The impact of lowered government revenue combined with slowed growth could undermine many already-fragile economies.

Aware of the virus' threat to their economies, a number of countries are scrambling to put in place fiscal measures to deal with the crisis and put investors' concerns at ease. In **Nigeria**, the government announced a \$1.39 billion coronavirus fund to strengthen its healthcare infrastructure. Nigeria also requested \$3.4 billion from the IMF, \$2.5 billion from the World Bank, and \$1 billion from the African Development Bank (AfDB) to fight COVID-19. Although **South Africa's** finance minister indicated it would only approach the IMF as a last resort, the country will accept a loan of \$1 billion from the New Development Bank (NDB). **Senegal** secured \$221 million from the IMF to assist its economic relief efforts. Last week, Senegalese President Macky Sall announced that Senegal's economic growth will fall to less than 3% in 2020 from a forecast of 6.8% due to COVID-19.

Looking Ahead: There is a growing consensus that African countries will need substantial support from international financing institutions to prevent a complete economic catastrophe. Lowered tourism and a steep increase in healthcare spending are set to deepen budget deficits across the continent. Without debt restructuring or cancellation, heavily indebted governments will struggle to bolster their healthcare systems while also providing a wider economic safety net for businesses and citizens. Although African heads of state recognize the important role that the private sector can play in dealing with the crisis, they are likely to prioritize conversations with international financial institutions in the short term as they look first to mitigate the macroeconomic effects of COVID-19 and balance their fiscal books.

UNITED STATES

Government Response: This week, President Trump warned Americans that the worst of the pandemic is coming, while top expert Dr. Anthony Fauci highlighted that the country is "struggling to get it under control." President Trump continues to promote the use of anti-malarial drug hydroxychloroquine to treat the novel coronavirus, despite minimal evidence and against expert advice.

The U.S. continues to focus on securing domestic supply chains for pharmaceutical and medical products. President Trump and Trade Advisor Peter Navarro have commented that the COVID-19 outbreak has revealed weaknesses in the U.S.'s dependence on global pharmaceutical and medical equipment supply chains. Their comments are part of a growing bipartisan effort to address long-standing concerns over supply chain weaknesses

Active cases and % change in
United States since 04/01/2020

USA | 419,975 | +105%



Upward Trend
Downward Trend



Data from Coronavirus COVID-19 Global Cases by the
Center for Systems Science and Engineering (CSSE) at
Johns Hopkins University (JHU)

and shortages that have become the subject of heightened attention as the global crisis has grown. While this effort would affect all countries with tensions with the U.S., it is especially targeting China, which supplies 30% of the U.S.' imported medical personal protective equipment. In addition, roughly 80% of active pharmaceutical ingredients (API) used in the U.S. come from China and India. On March 19, U.S. Senator Marco Rubio and a bipartisan group of lawmakers introduced the "Strengthening America's Supply Chain and National Security Act" in the House and Senate. If the bill becomes law, it would direct the U.S. Department of Defense to assess and limit U.S. reliance on foreign entities for pharmaceutical and medical supplies and would direct U.S. companies to report their dependence on imported API.

The Economy: JP Morgan CEO Jamie Dimon has said that he expects a "very bad recession" in the U.S., and his bank reports \$40 billion in small loan requests since opening its application for the Small Business Administration's Paycheck Protection Program on Monday. General Motors has agreed to make 30,000 ventilators after President Trump invoked the Defense Production Act, and was given about \$500 million for the project. The U.S. Centers for Disease Control (CDC) plans to announce relaxed guidelines stating that employees who have been exposed to infected individuals can return to work granted they are asymptomatic, take their temperature twice a day, and wear a face mask.

Looking Ahead: Earlier this week, President Trump announced that he would halt the U.S.' funding to the WHO, saying they "really missed the call" by not anticipating the severity of COVID-19. The WHO declared that there would be a "public health emergency of international concern" weeks before Trump declared a state of emergency. There is a substantial chance that President Trump will not follow through on his threat, but if he does, it would cut about 10% of the WHO's total funding. Separately, Congress has called for an additional \$250 billion of small business aid in response to a large surge in demand. Lawmakers on both sides of the aisle are hoping to pass a law ensuring more aid by next week.

Testing, Vaccine & Therapeutic Development Efforts

The race for a vaccine continues: There are now four clear front-runners in the COVID-19 vaccine race. Moderna, CanSino, Oxford University, and Inovio all have Phase 1 clinical trials underway and plan to start Phase 2 and 3 immediately following successful completion of the current trials. In the therapeutics area, Gilead Sciences is expected to release its initial results from two separate clinical trials of its antiretroviral Remdesivir. Gilead's CEO, Daniel O'Day, announced on Saturday that the company plans to have enough doses to treat 1 million patients this year. In the testing arena, Abbott labs won emergency use status from the FDA on Saturday for its COVID-19 test, which can detect positive cases in 5 minutes and negative cases in 13 minutes. The company expects to start producing about 5 million tests per month and will start making their ID NOW tests available to urgent care centers across the US next week.

About ASG

Albright Stonebridge Group (ASG) is the premier global strategy and commercial diplomacy firm. We help clients understand and successfully navigate the intersection of public, private, and social sectors in international markets. ASG's worldwide team has served clients in more than 120 countries.

For questions or to arrange a follow-up conversation please contact [Anthony Cino](#).