



COVID-19: IMPLICATIONS & POLICY RESPONSES FOR THE CARIBBEAN

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01

GLOBAL CONTEXT

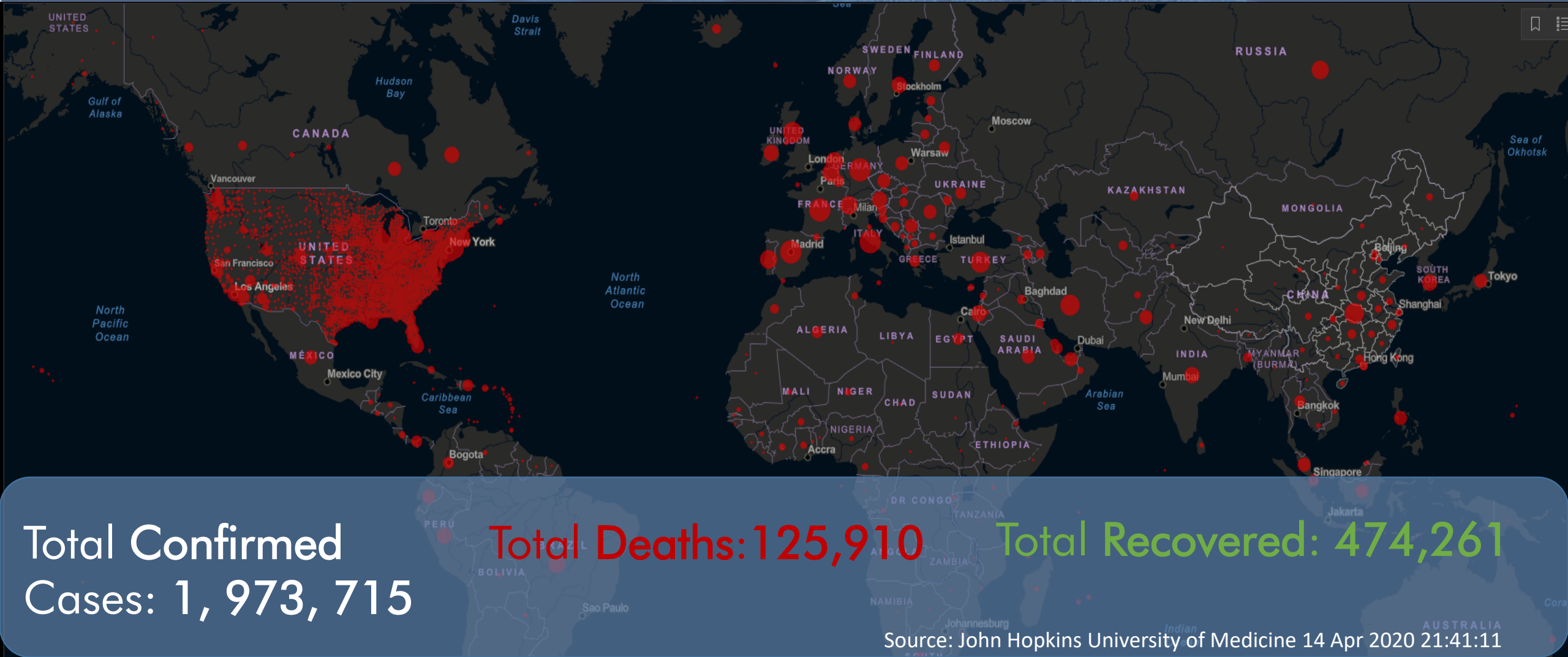
02

IMPLICATIONS OF COVID-19

03

POLICY RESPONSE

By the Numbers- Global



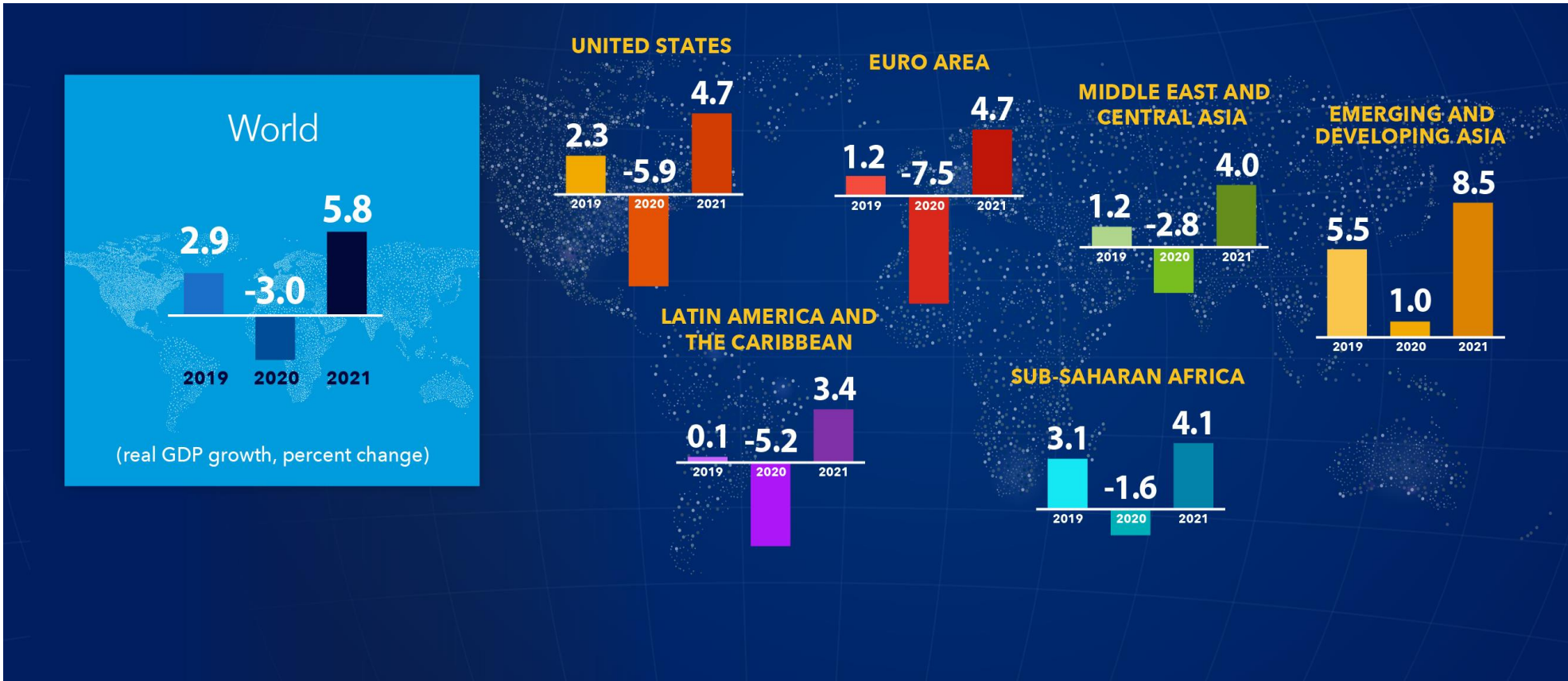
Total Confirmed
Cases: 1, 973, 715

Total Deaths: 125,910

Total Recovered: 474,261

Source: John Hopkins University of Medicine 14 Apr 2020 21:41:11

COVID-19 has changed the Global Growth Outlook



Source: IMF

Demand and supply shocks

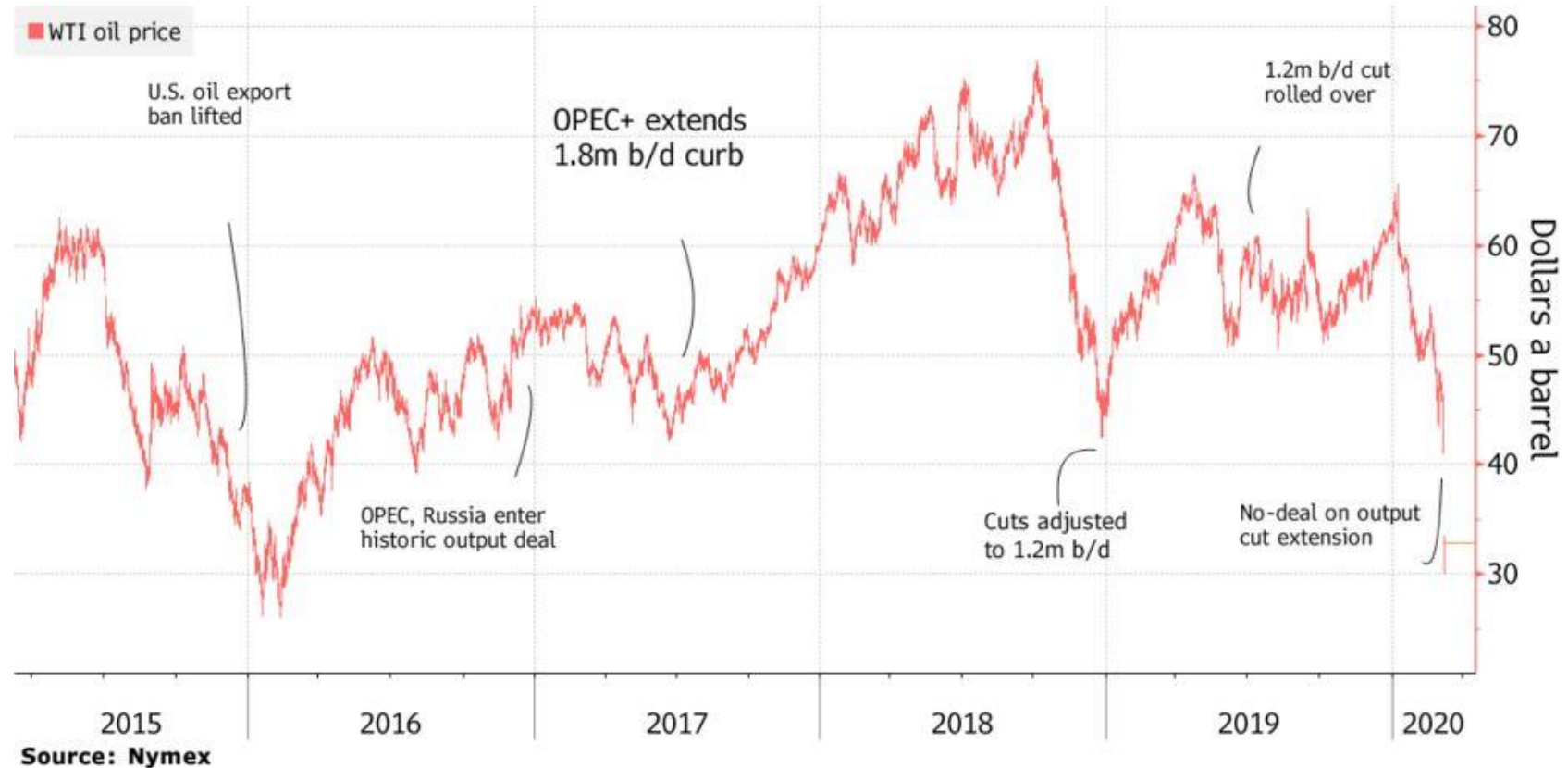
Financial Sector Stress

Severe Oil Price Shock

Oil Prices have crashed...back to where they were before OPEC +

Back to the Future

Prices are now back at levels before OPEC+ was formed



But monetary policy is limited in what it can be expected to achieve given the nature of this crisis

Coronavirus impact on stock markets



Source: Bloomberg

BBC



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GLOBAL CONTEXT

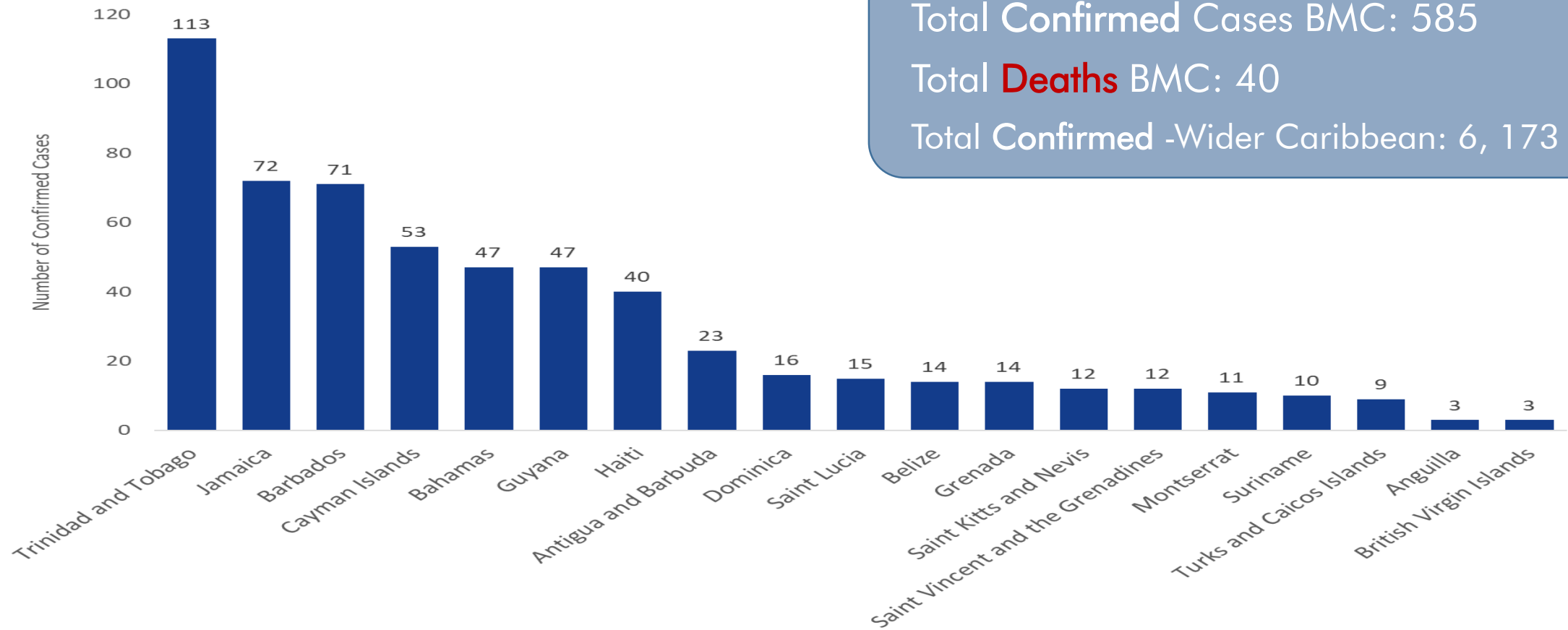
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POLICY RESPONSE

By the Numbers- CDB BMCs



Total Confirmed Cases BMC: 585

Total **Deaths** BMC: 40

Total Confirmed -Wider Caribbean: 6, 173

Tourism Dependent Countries

	Contribution to GDP (2019)		Share of Employment (2019)		Tourism Receipts
	Direct	Total	Direct	Total	Share of Exports
	%		% of Employment		% of Total
ANGUILLA	16.9	48.3	18.1	51.1	61.9
ANTIGUA AND BARBUDA	12.3	44.7	12.3	44.7	37.8
BAHAMAS	19.5	40.3	26.9	48.1	65.2
BARBADOS	11.6	36.2	12.2	36.4	56.6
BELIZE	15.5	44.7	13.0	38.9	42.8
VIRGIN ISLANDS	25.8	73.1	17.2	53.6	54.1
CAYMAN ISLANDS	8.4	30.1	10.0	31.9	29.1
DOMINICA	12.5	38.0	11.3	34.7	46.0
GRENADA	19.0	55.8	17.8	51.6	26.9
GUYANA	2.9	7.7	3.2	8.2	7.8
HAITI	2.9	8.3	2.4	7.2	38.0
JAMAICA	10.8	34.7	9.7	31.5	59.9
ST. LUCIA	16.0	43.0	16.0	43.0	46.9
ST. VINCENT AND THE GRENADINES	13.8	46.2	12.9	42.7	39.9
ST. KITTS AND NEVIS	19.1	62.6	19.0	60.2	31.9
SURINAME	1.6	3.7	1.6	3.5	3.2
TRINIDAD AND TOBAGO	3.0	7.8	3.8	9.9	4.7

Multiplier Effects of Tourism

Arrivals



Direct and indirect jobs



Growth of local supply chains

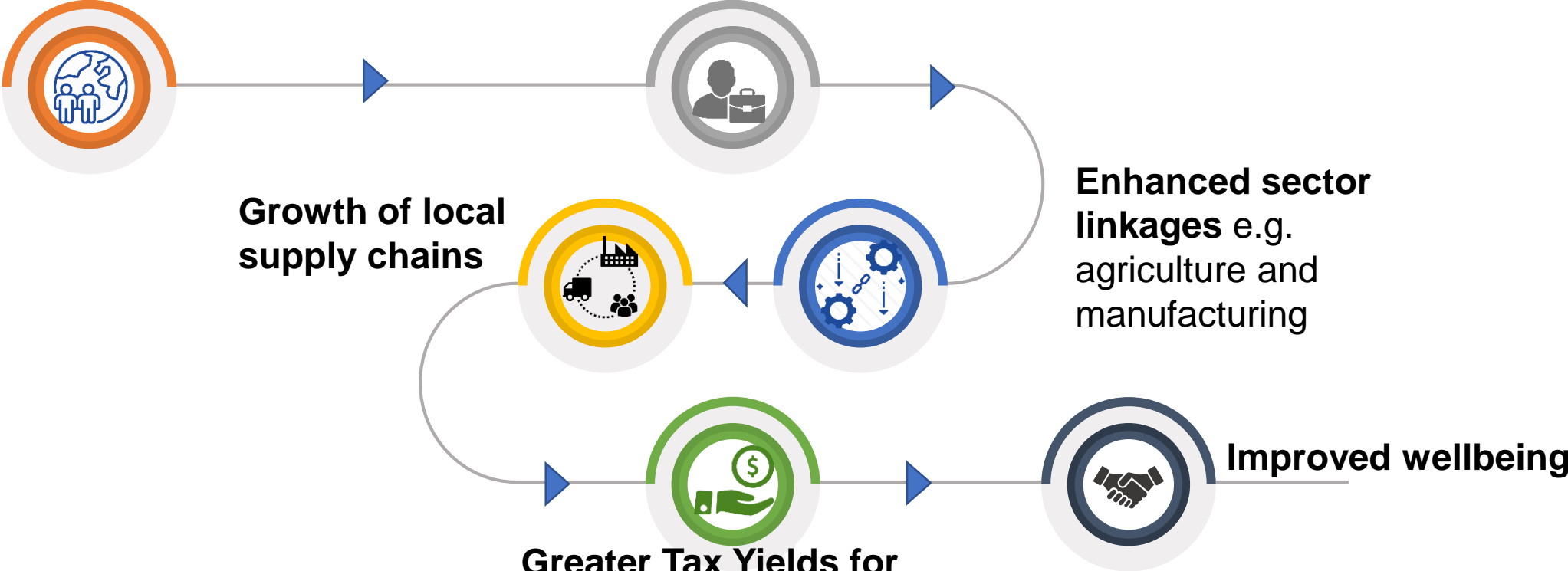


Enhanced sector linkages e.g. agriculture and manufacturing

Greater Tax Yields for economic and social infrastructure



Improved wellbeing



Impacts in the Caribbean

Tourism



The tourism-dependent economies are being affected by an economic slowdown. Tourism employs approximately 2.4 million (mn) people in the Region and contributes more than \$62 billion (bn) (15.5%) to gross domestic product (2018).



The impacts are being felt in the cruise industry as many governments deny porting to some vessels. Like airlines, most cruise ships have now cancelled their remaining cruises and repatriated their cruisers and crews.

Commodities



Lower demand for fuel and increased supply has driven down the price of crude on the international market. Negative impacts on the Region's oil exporters: Trinidad and Tobago, Guyana and Suriname

Impacts in the Caribbean

Consumption and Investment



Supply-side disruptions to production and trade will lead to sharp but temporary **declines** in domestic consumption, and possibly investment if the outbreak affects views on future business activity



Spillovers of weak demand to other sectors and economies through trade and production linkages

Health and Productivity



Effects on health and mortality as well as major shifts in health care spending

What does our modeling show?

Assumptions

Low- COVID-19_50%

Moderate outbreak of the virus, with travel bans and precautionary behavior abating only after 6 months (March – September 2020). A 50% reduction in stayover tourist arrivals is used to effect the real sector shock.

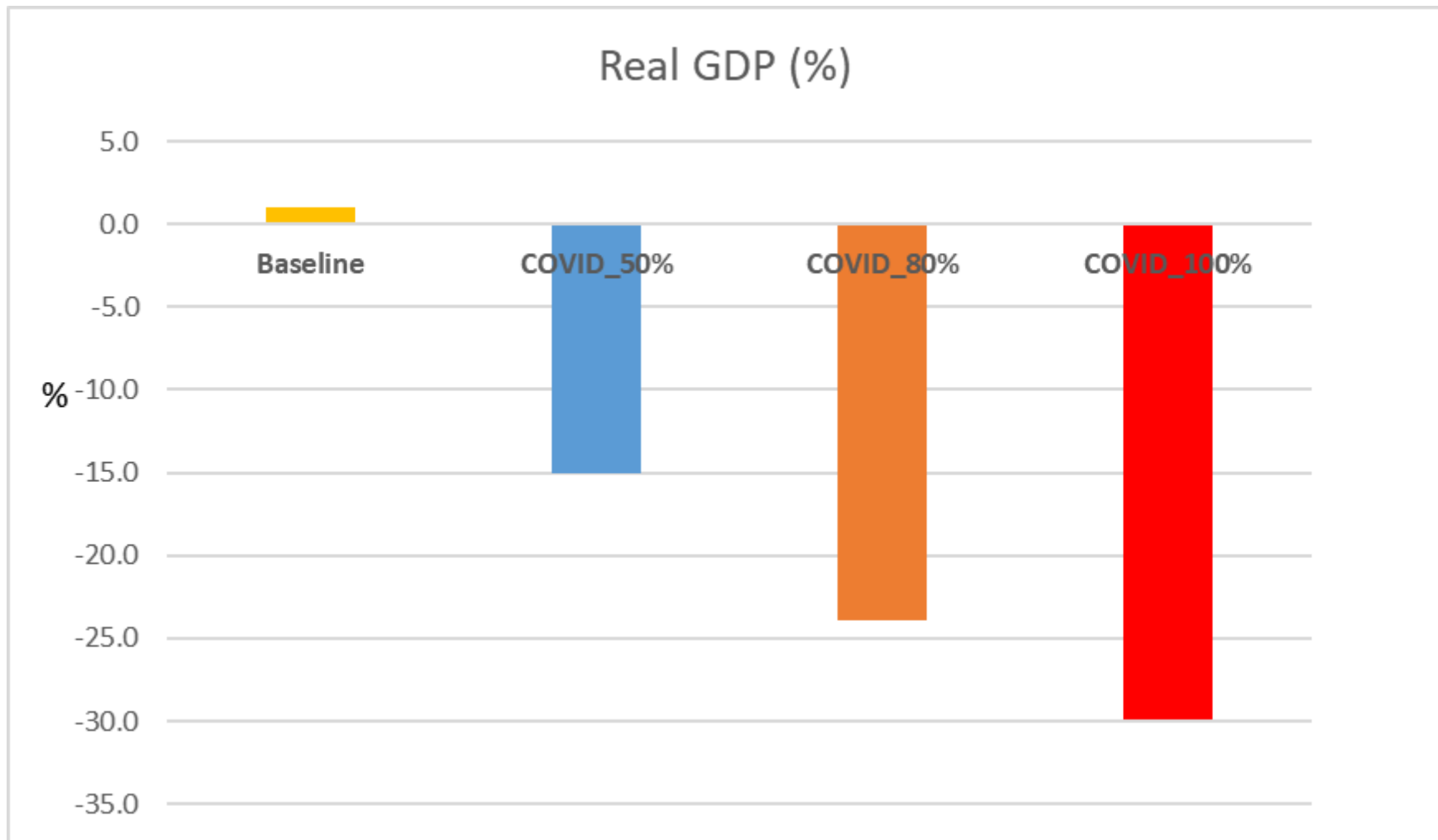
Moderate- COVID-19_80%

Moderate outbreak of the virus, with travel bans and precautionary behavior abating only after 6 months (March – September 2020). An 80% reduction in stayover tourist arrivals is used to effect the real sector shock.

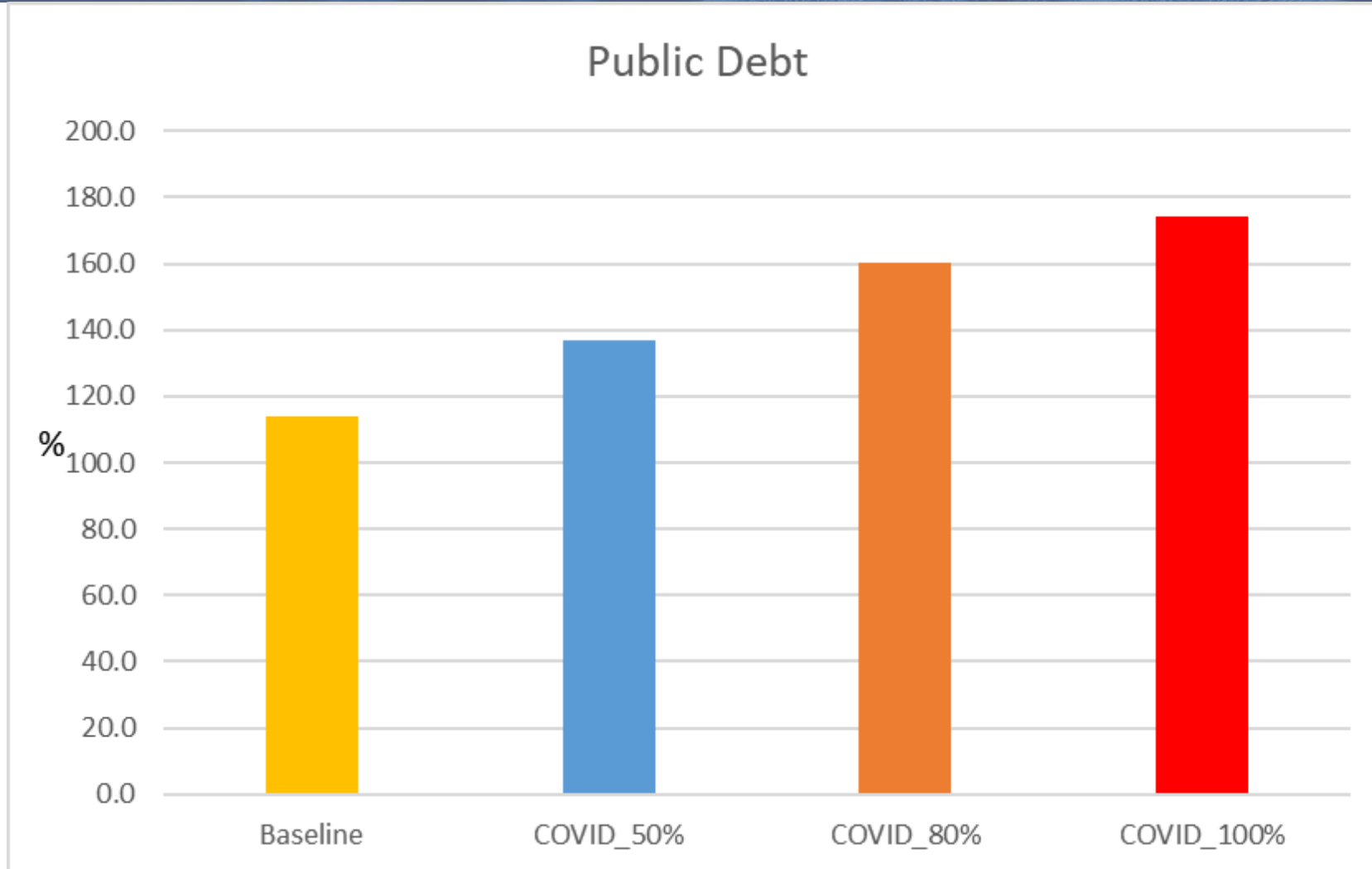
High- COVID-19_100%

The outbreak is even more protracted, with precautionary behavior and restrictive policies remaining in place for the remainder of 2020 (March-December 2020). A 100% reduction in tourist arrivals is used to effect the real sector shock.

Indicative impacts



Indicative impacts



Summary of impacts

Macro-Economic Indicators

Real Economic Growth



Government Revenues



Liquidity



Government Expenditures



Public Debt



Social Indicators

Unemployment



Mortality Rates



Poverty Rates



Social Exclusion



Access to Health Care



Environment





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GLOBAL CONTEXT

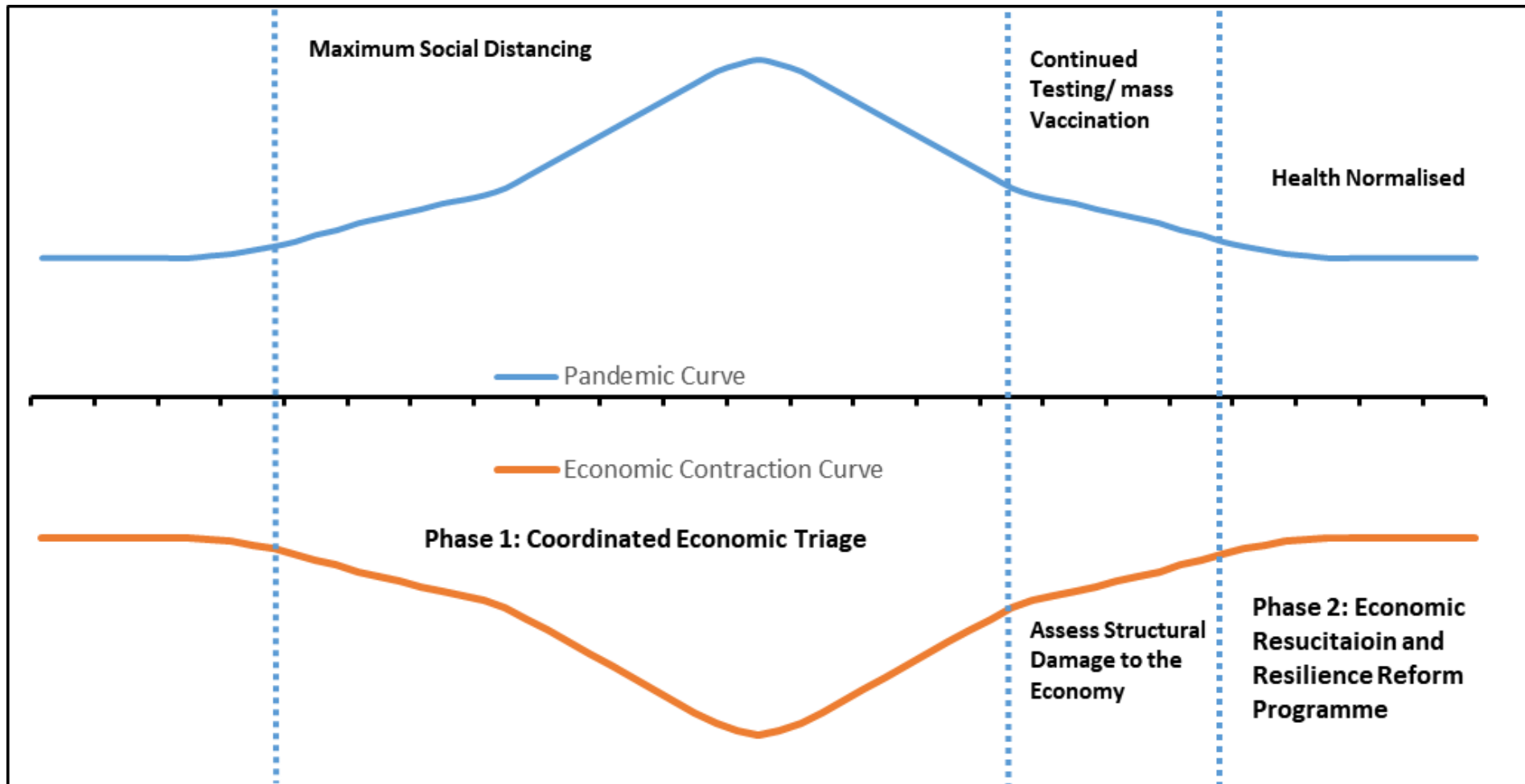
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IMPLICATIONS OF COVID-19

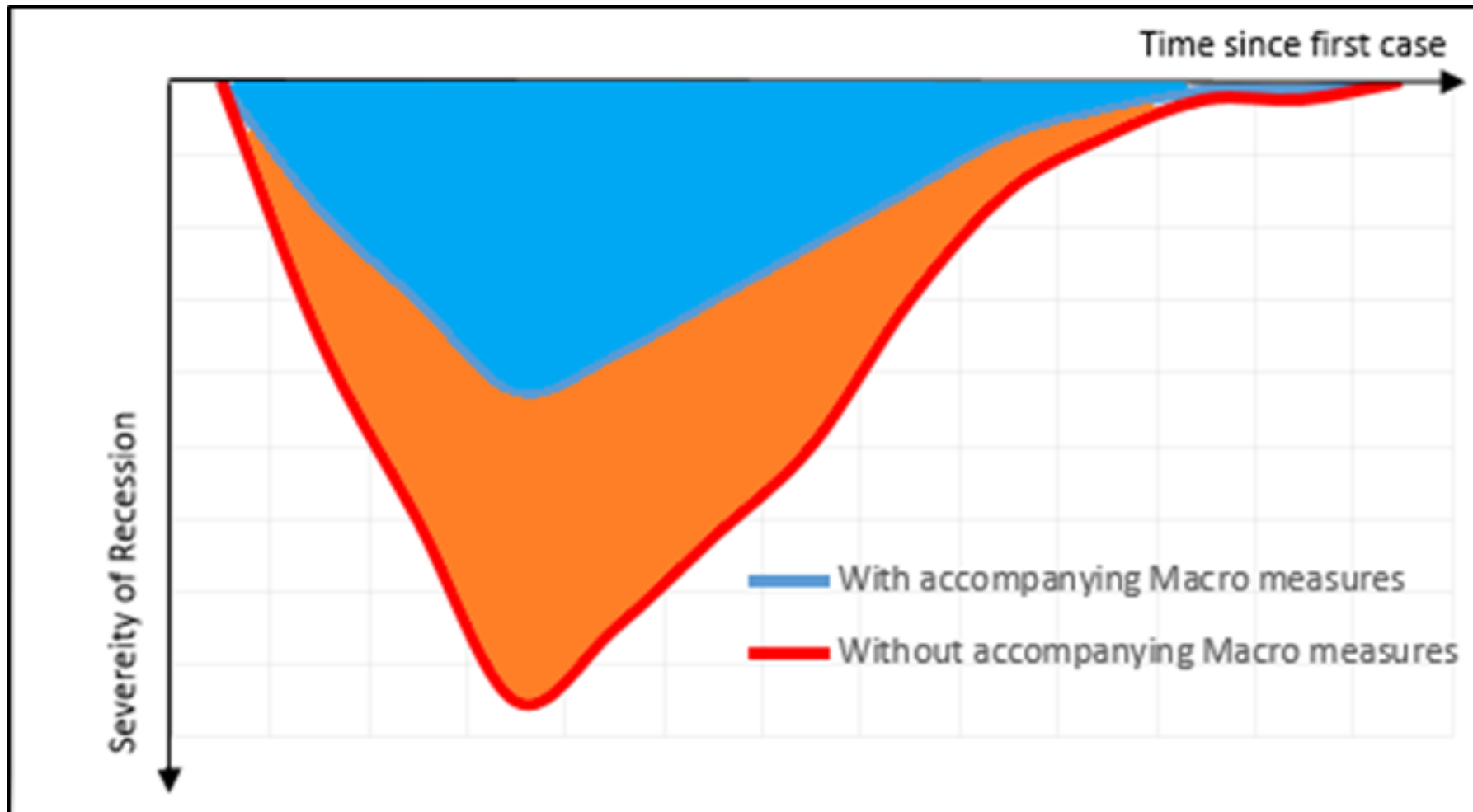
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POLICY RESPONSE

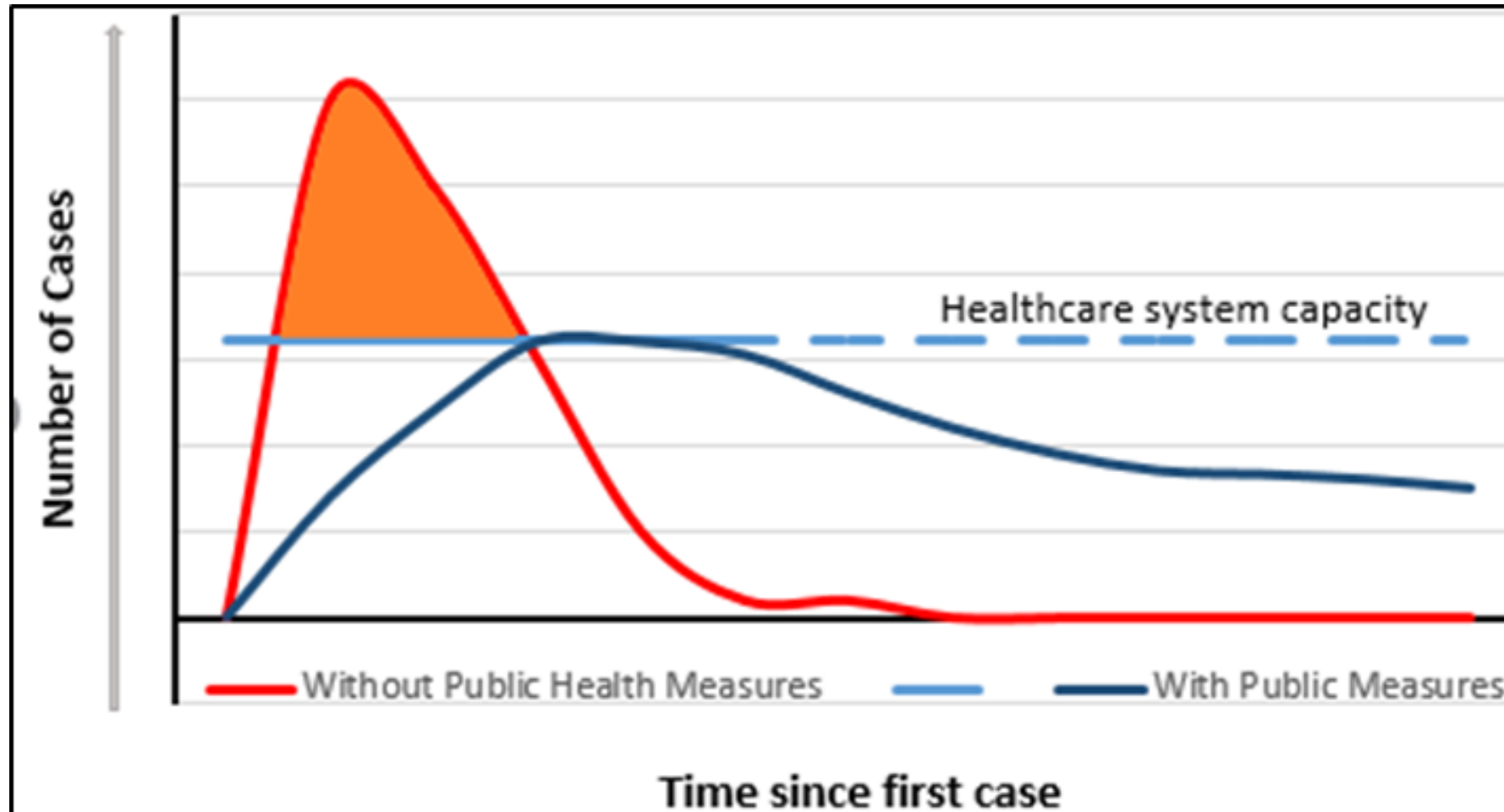
Two phases of policy response: Economic Triage and Economic Resuscitation and Resilience Building



Depth and length of recession depends on macro measures

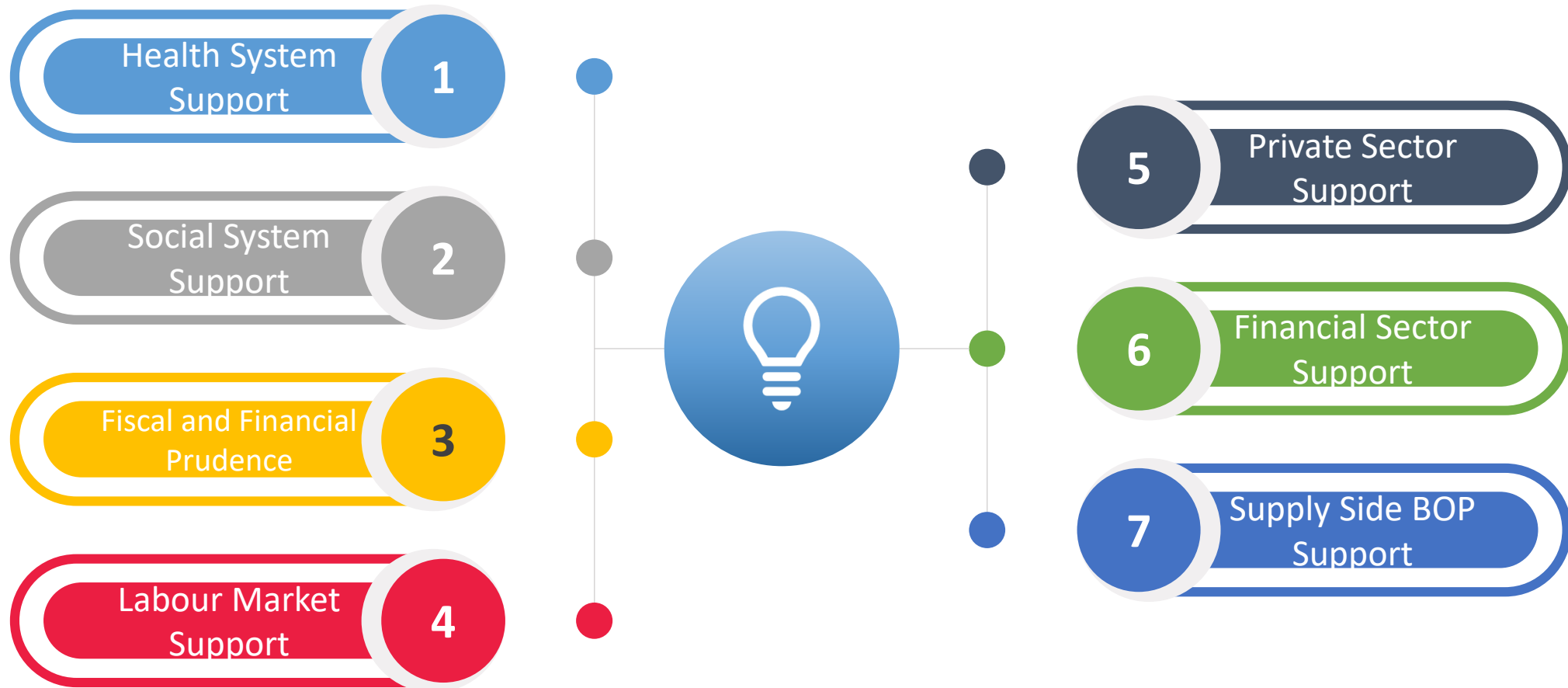


Our Priority (global) is to flatten the Health pandemic curve



Potential Policy Options: Phase 1 - Economic Triage

Flattening the Recession Curve but an anchor must be sufficient FX reserves



Building Resilient Economies

Caribbean Countries are characterized by high export concentration caused by low competitiveness.

This is reflected by:

- Inefficient logistics infrastructure
- Public and private infrastructure that is not physically resilient
- Cumbersome, outdated, inefficient regulatory systems
- PFM systems that do not generate value for money

The post-COVID growth and resilience agenda remains similar to the pre-COVID agenda

Building Resilient Economies for Strong Inclusive Growth in the Caribbean

Key features:

Small, open economies
No reserve currencies

Key Imperatives:

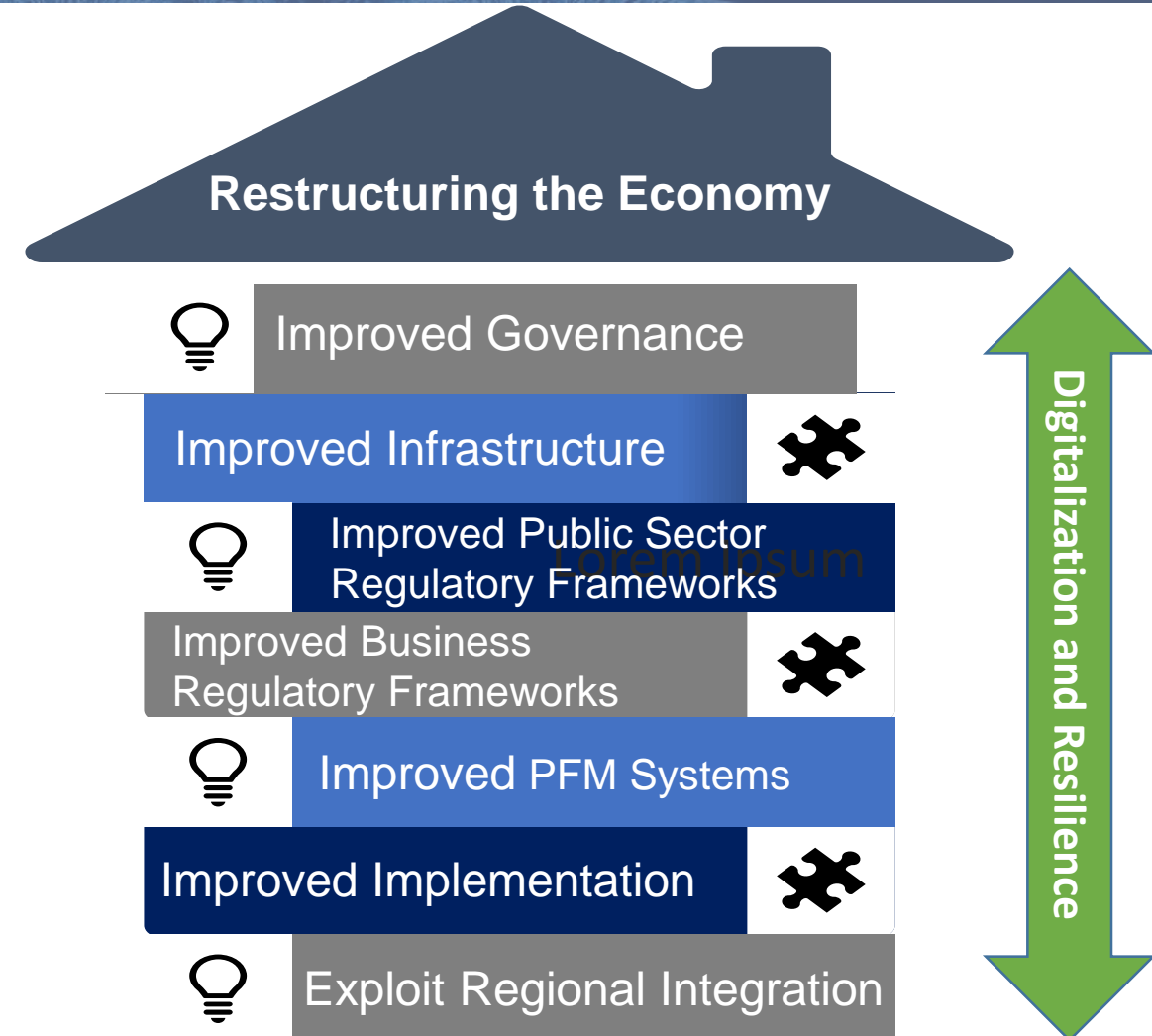


Export-led Growth

Exports must be diverse

Increased competitiveness

Target GDP growth rate of 4-5%



Key Constraints to Intra-regional Agri-trade

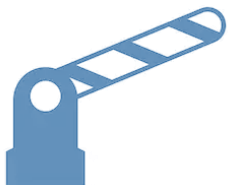
Key Constraints



Relatively high cost of production



Inadequate transport and logistics



Prevalence of non-tariff barriers in certain sectors



Inadequate trade facilitation



Low economies of scale

Key Constraints to Intra-regional Agri-trade



“However, deeper analysis highlights a number of other factors, though less recognizable, that are associated with successful agri-food investments in CARICOM and the wider Caribbean and Central American Regions, which are often absent in many of the less successful investments in CARICOM.

These factors include strategic private sector-led investments in innovation critical to the enhancement of agricultural productivity and efficiencies throughout the agri-food chain, legal and policy frameworks that create economic incentives for these innovations, and available hard and soft infrastructure to connect with regional and global distribution value networks”.

What is needed to support Intra-regional Agri-trade

Enabling Environment

Harmonized regional SPS system (including protocols on risk assessment, trade in animal products and trade in vegetables)

Harmonised national and regional quality infrastructure (linked to the above) – including increase in accredited testing laboratories, implementation of conformity assessment systems

Improved trade facilitation including functional electronic trade and maritime single windows, completion of the Advance Cargo Information System and other commitments under the WTO Trade Facilitation Agreement



Private Sector Investment (in priority sectors)

Enhanced private sector participation in the production of meat, poultry, corn, rice, cassava, coconut and coconut products, niche vegetables

Immediate scaling up of projects that link suppliers with markets (including through distributors) e.g. Massy and the Making Agriculture Profitable and Sustainable (MAPS) Project executed in TT

Business support to MSMEs to meet quality standards

Public-private models to improve transport logistics

But we must implement: How to stop culture from eating our rebuilding strategy for breakfast

8 Steps to Delivery





Discussion

“We **cannot turn the clock back** nor can we **undo the harm caused**, but **we have the power to determine the future** and to ensure that what happened never happens again.”

- Paul Kagame

