



Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at December 16, 2020)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's, MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

LATEST UPDATE WEEK 50

Country/Region	General Facts/Measures	Facts & Measures for Construction
WORLD		
	<p style="text-align: center;">General Facts/Measures</p> <p>Near-term outlook Global growth is projected at -4.4% in 2020, a less severe contraction than forecast in the June 2020 World Economic Outlook (WEO) Update. The revision reflects better than anticipated second quarter GDP outturns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter. Global growth is projected at 5.2% in 2021, a little lower than in the June 2020 WEO Update, reflecting the more moderate downturn projected for 2020 and the expectations of persistent social distancing. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be 0.6% above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies.</p> <p>Medium-term outlook After the rebound in 2021, global growth is expected to gradually slow down to about 3.5% into the medium term. This implies only limited progress toward catching up to the path of economic activity for 2020-25 projected before the pandemic for both advanced and emerging markets and developing economies. It is also expected that the pandemic will reverse the progress made since the 1990s in reducing global poverty and will increase inequalities. The subdued outlook for medium-term growth comes with a significant projected increase in the stock of sovereign debt. Downward revisions to potential output also imply a smaller tax base over the medium term than previously envisaged, compounding difficulties in servicing debt obligations. The baseline projection assumes that social distancing will continue into 2021 but will subsequently fade over time as vaccine coverage expands and therapies improve. Local transmission is assumed to be brought to low levels everywhere by the end of 2022. The medium-term projections also assume that economies will experience scarring from the depth of the recession and the need for structural change, entailing persistent effects on potential output. These effects include adjustment costs and productivity impacts for surviving firms as they upgrade workplace safety, the amplification of the shock via firm bankruptcies, costly resource reallocation across sectors, and discouraged workers' exit from the workforce.</p>	

It has to be noted that the uncertainty surrounding the baseline projection is unusually large as the forecast relies on public health and economic factors that are difficult to predict (cf. IMF Economic Outlook) (October 2020).

EUROPE

Whole region

According to the director of the [European Commission's \(EC\) new Recovery and Resilience Task Force*](#), the EC is empowered to allocate [€672.5 billion of financial support to member states in order to accelerate their recovery and resilience](#). Reforms and investments plans using this EU funding and that member states will submit to the EC have to foster the green and digital transition and reduce economic and social divergence in the EU. The EC's task force will need to see at least 37% of the plans put forward by the member states relating to climate change projects and at least 20% to digital projects (cf. Construction Europe, from a webinar from the Construction Alliance 2050 – [View recording](#)) (7 December).

Europe is facing a second contagion wave and is reintroducing - immediately or gradually - the initial measures of social distancing implemented back in March. New lockdowns currently exclude construction.

**The European Council adopted a set of decisions on legislative acts forming part of the European Recovery and Resilience Facility (RRF) and laying down the EU's budgetary framework for the coming years. The decisions follow the European Council meeting on 10-11 December, as a result of which all member states could support the RRF and the EU's multiannual financial framework. Prior to that (end of November), Poland and Hungary blocked the EU's 1.8-trillion-euro budget and coronavirus rescue package over its tying of funds to respect for the rule of law.*

[Regarding construction, the director of the European Commission's \(EC\) new Recovery and Resilience Task Force described the recently published Renovation Wave initiative](#). The latter should incentivize member states to bring forward projects that will allow for the renovation of public and private buildings, as well as projects linked to infrastructure. Training for work in reducing climate change and for the digital transformation should be prioritized within the plans for member states.

National examples

- The **French** Ministry of Ecological Transition & Housing's recovery plan includes some €4 billion for the renovation and improved energy efficiency of public buildings;
- The **Greek** Ministry of Development & Investments will focus on releasing private funding by advancing PPP;
- In **Croatia**, the priority had to be the recovery from recent earthquake damage, so renovation plans would have to be more focused on aiding economic recovery than reducing emissions and saving energy.

FIEC insisted on the fact that there is a need to channel this EU funding on the field. Construction is a sector that reacts with some delay, due to its administrative procedures that take time to put in place. Training was deemed essential to bring the EU initiatives, such as the renovation wave, forward (cf. Construction Europe, from a webinar from the Construction Alliance 2050 – [View recording](#)) (7 December).

The [European construction forecasting body Euroconstruct said Europe's construction market will shrink by 7.8% this year and will not recover fully until 2023](#), with forecast growth of 4.1% in 2021, 3.4% in 2022 and 2.4% in 2023. The forecast for this year is an improvement on previous estimates of -11.5% made in June and -9.1% in August. Total construction

		<p>output is expected to reach €1.73 trillion in 2023, which will exceed by €28 billion the pre-corona level of 2019.</p> <p>The figures hide significant differences between countries, ranging from modest growth in Finland and stagnation in Portugal and Norway to a sharp decline of almost 20% in the UK in the current year.</p> <p>Other major markets like France and Spain are also strongly affected, while the German market performed well because construction activities were able to continue relatively unhindered through the pandemic.</p> <ul style="list-style-type: none"> • Civil engineering sector: is likely to be least affected by the crisis, said Euroconstruct, with spending on infrastructure falling by only 3.8% this year and expanding by 5.2% next year. • Building construction: a 9.2% fall is estimated for non-residential construction this year followed by a moderate gain of 2.5% in 2021. Even by 2023, the activity level of 2019 is unlikely to be reached. For residential construction, after a big decline of 8.6% in 2020, the market will regain significant momentum in 2021 with an expected growth of 4.7%. <p>The forecasts are based on the assumption that the economy in the Euroconstruct area – comprising 18 countries – will shrink by 8.0% in 2020 and grow by 4.9% in 2021 (cf. Construction Europe) (26 November).</p>
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LATIN AMERICA		
<p>Whole region</p>	<p>Latin America and the Caribbean (LAC) were declared by the World Health Organization (WHO) as the epicenter of the Covid-19 pandemic in May 2020, accounting for more than 40% of the world’s Covid-19 deaths, with the total infection rate exceeding 6.5 million cases and a loss of over 350 000 lives to date. Despite measures to close public spaces and limit social gatherings, curfews and quarantines since March 2020, the number of confirmed deaths related to Covid-19 only started to drop by late August in most LAC countries. Now, LAC arrives at the final stages of easing lockdowns.</p> <p>Lockdowns LAC countries quickly declared a state of emergency, instituting an initial national quarantine in March which was then extended in most countries</p>	<p>In the face of rising Covid-19 cases, Caribbean economies would need more aggressive fiscal actions to protect their productive assets and invest in ways that ensure more sustainable growth in the future, according to a new report by the Inter-American Development Bank (IDB). Thus, additional resources should be channeled to high-productivity infrastructure products to further stimulate growth, the study notes.</p> <p>High-productivity infrastructure comprises, among others, better roads or airports to facilitate the transport of goods and services to market, and improved water and power infrastructure to enable industries to operate at lower costs and to improve an economy’s productive capacity. Over time this would drive higher levels of private investment, incomes, and consumption. According to the IDB report, economic theory and empirical evidence suggest that countries with relatively less public capital, or</p>

until October 2020. For some federal states such as Mexico and Brazil, these decisions were taken by state governments and were as a result implemented considerably later. In contrast, El Salvador began to implement one of the stricter containment measures even before the first case was confirmed. Since then, governments have been undertaking measures to control social isolation and/or distancing based on levels of infected areas (e.g. Chile, Ecuador and Guatemala), gender (e.g. Panama, Colombia and Peru), vehicle license plate numbers (e.g. Ecuador) and week/weekend curfews (e.g. the Dominican Republic and Honduras).

Economic situation

Prior to the pandemic, the IMF had predicted 1.6% GDP growth for the region in 2020. Since then, external and domestic conditions have worsened and, due to a combination of different factors, the region is expected to contract between 8.4% and 9.1% (cf. IMF) provoking the worst recession it has experienced over the past century – far more acute than in the Middle East, Africa and Asia.

With a forecasted 9.1% GDP contraction, unemployment could reach 13.5%, with 44.1 million people unemployed. Poverty is expected to grow by 45.4 million in 2020, bringing the total number of people living under the level of poverty to 230.9 million in 2020 (representing 37% of the LAC population), the most affected countries being Argentina, Brazil, Mexico and Peru.

Macro-economic perspectives

The OECD Economic Outlook interim report, released in September 2020, revised its projections for G20 countries in the region for 2020 and 2021 (Argentina -11.2 and 3.2, Brazil -6.5 and 3.6, Mexico -10.2 and 3.0 for 2020 and 2021, respectively). The IMF estimates a decline of 8.1% for 2020 and a recovery of 3.6% for 2021. The Economic Commission for Latin America and the Caribbean (ECLAC) projects a 9.1% GDP fall in the region, and estimates that the drop in economic activity will bring GDP per capita to a similar level to that seen in 2010.

where the stock of capital is in need of improvement, stand to benefit most from these infrastructure investments (17 November).



	<p>The sharp decline in global and regional economic activity in 2020 will also have a strong impact on LAC’s external accounts. Demand from the rest of the world has dropped. Trading partners are postponing investment decisions, while the decline in international demand is triggering a dramatic fall in exports from the region. ECLAC reports that the value of exports and imports of goods in the region decreased by 17% between January and May 2020 compared to the same period in 2019. Both flows collapsed towards the end of the five-month period in 2020, with a 37% year-on-year fall in May.</p> <p>The OECD LAC Regional Programme (including Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay), provides an update of the situation, that can be downloaded hereunder (cf. OECD) (20 November):</p> <ul style="list-style-type: none"> • Concerning selected Health measures implemented in response to the COVID-19 crisis in LAC • Concerning vaccine strategies in response to the Covid-19 crisis in selected LAC countries • Concerning selected Social policy measures implemented in response to the COVID-19 crisis 	
ASIA		
General Facts/Measures		
Whole region	<p>More than 14.3 million positive cases have been identified in Asia and the Pacific, causing more than 200,000 deaths. As the pandemic persists, economic growth in developing Asia is projected to contract by 0.4% in 2020 — the first regional gross domestic product contraction since the early 1960s (11 December).</p>	
NORTH AMERICA		
Facts & Measures for Construction		
Canada	<p>Canada's eastern provinces, Quebec and Ontario, are leading the country's construction industry rebound from the Covid-19-driven downturn, even as the western province of Alberta has lagged, according to new statistics from Procore Technologies, a provider of construction management software, which publishes a weekly index. Overall, construction activity across Canada is now 11% above the baseline.</p>	



	<ul style="list-style-type: none"> • Ontario: the country’s largest province with a major infrastructure sector, began to see construction activity — as measured by work hours — start to rebound at the end of May and peaked in September, rising 25% above a baseline in mid-March; • Quebec: saw both a sharp downturn, and a sharp uptick later, in the number of hours worked. Quebec’s construction activity had plunged 97% below the baseline by the week of April 5, before starting to rebound in May and June. By mid-September, construction work hours in Quebec were 50% higher than in mid-March; • Alberta: has continued to struggle, with slumping oil-and-gas prices having depressed construction activity in the energy-dependent province. The number of construction hours worked began dropping in June and fell to a low of 35% below the baseline in early September, before rebounding to 19% below March levels, according to Procore ; • British Columbia: has seen little change in the overall pace of activity, with construction continuing to move ahead on the controversial Trans Mountain pipeline, which is much protested by environmentalists and activists from indigenous tribes (cf. ENR) (18 November). 	
United States	<p>A government-issued stimulus check may still be issued this December, except that the amount may not be US\$1,200 and the check will most likely not be from the federal government. Instead, the checks will vary in size and will be sent from state governments that try to mitigate impending economic downturns. It is still unclear if Democrats and Republicans in Congress will reach an agreement on any stimulus plan before the end of the year. If they do, it looks likely that the deal will not include a second stimulus check (8 December).</p>	<p>Download the State by State Coronavirus status updates (cf. ENR)</p> <p>Associated General Contractors of America (AGC) has released an analysis of new government data showing the impact of the Covid-19 pandemic on construction employment as businesses and local governments curtail planned projects. Only 30% of the USA’s metropolitan areas have added construction jobs in the last 12 months, with project postponements and cancellations forcing widespread layoffs. Construction employment fell in 209, or 58%, of 358 metropolitan areas between October 2019 and October 2020. Construction employment was stagnant in 40 other metropolitan areas while only 109 metropolitan areas – 30% – added construction jobs during the past year.</p> <p>Association officials said the best way to curtail future construction job losses was for Congress to pass new federal coronavirus relief measures. These measures should include making new infrastructure investments, eliminating plans to tax Paycheck Protection Program loans and enacting liability reform to protect honest businesses from baseless coronavirus lawsuits (3 December).</p>
INTERNATIONAL FINANCIAL INSTITUTIONS (IFIs)		
Multilateral Development Banks (MDBs)	<p>The 11 MDBs and the IMF have published their first joint report on the MDB’s contributions to the Sustainable Development Goals (SDGs). It is stated that the start of a “Decade of Action” to accelerate progress on the SDGs has coincided with the Covid-19 pandemic, raising questions about</p>	<p>Supporting accelerated infrastructure investment financing is stated in the report as enabler to overcome the Covid-19 crisis in the countries hit hardest. The concept of Quality Infrastructure will continue to be supported, also via tools such as SOURCE, the multilateral platform for</p>



	prospects for achieving this agenda. This joint report describes steps the 12 institutions are taking to support the SDGs. As for now, the MDBs will have provided US\$230 billion to reduce the impact of the pandemic by mid-2021, of which US\$75 billion should be directed to the world's poorest countries before the end of 2020 (November 2020).	infrastructure project preparation, and the Global Infrastructure Facility. An important element of these efforts will be supporting more equitable access to basic digital technology infrastructure (November 2020).
	General Facts/Measures	
Asian Development Bank (AsDB)	The Asian Development Bank (ADB) has launched a US\$9 billion vaccine initiative — the Asia Pacific Vaccine Access Facility (APVAX) — that should provide support to its developing members as they procure and deliver coronavirus disease (Covid-19) vaccines . AsDB financing for vaccines will be provided in close coordination with other development partners including the World Bank Group, World Health Organization (WHO), COVID-19 Vaccines Global Access Facility (COVAX), GAVI (Global Alliance for Vaccines and Immunisation), and bilateral and multilateral partners (11 December).	



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