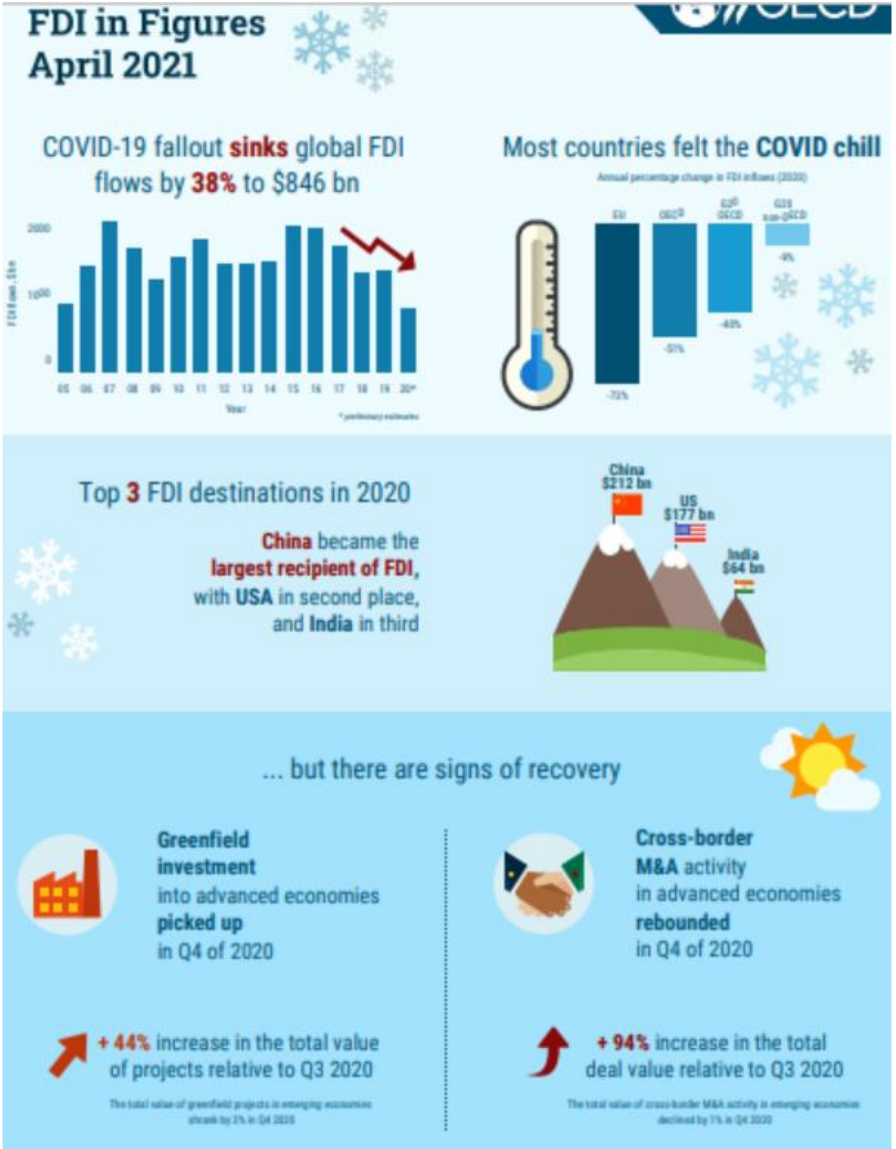
Confederation of International Contractors' Associations (CICA)
Strategic Watch: COVID-19 Overview by country and region (situation at May 19, 2021)
Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's, MEDEFI's and IFAWPCA's data
For more information go to the CICA Website: http://www.cica.net/cica-covid-19-overview/ and Dropbox: https://www.dropbox.com/home/Observatory%20COVID-19

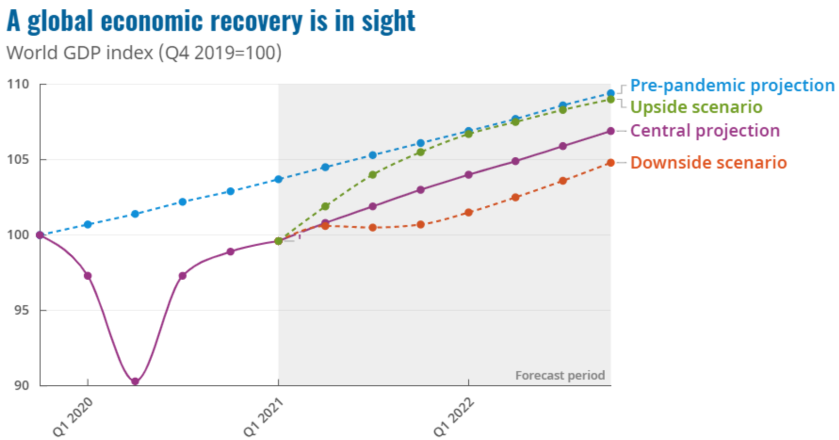
LATEST UPDATE WEEK 20

Country/Region	General Facts & Measures
WORLD	
World	**April 2021 forecasts** The international forecasts are made under the assumption that the progress of collective immunity will allow a significant lifting of constraints in all countries from the summer of 2021. According to the IMF, world growth would then be 6% in 2021, after a contraction of 3.4% in 2020. • In the major developed countries, growth would be of 5.1% in 2021; • In developing and emerging countries, economic growth is expected to reach 6.7%. New OECD data and analysis show that global Foreign Domestic Investments (FDI) flows plummeted to USD 846 billion in 2020, a 38% decrease compared to 2019. The Covid-19 pandemic accelerated a steady decline and contributed to sinking global FDI flows to their lowest levels since 2005.


FDI in Figures
April 2021
COVID-19 fallout sinks global FDI flows by 38% to $846 bn
Most countries felt the COVID chill
Top 3 FDI destinations in 2020
China became the largest recipient of FDI, with USA in second place, and India in third
China $212 bn
US $177 bn
India $64 bn
... but there are signs of recovery
Greenfield investment into advanced economies picked up in Q4 of 2020
Cross-border M&A activity in advanced economies rebounded in Q4 of 2020
+ 44% increase in the total value of projects relative to Q3 2020
+ 94% increase in the total deal value relative to Q3 2020

March 2021 forecasts

Activity in many sectors has picked up and partially adapted to pandemic restrictions. Vaccine rollout, although uneven, is gaining momentum and government stimulus is likely to provide a major boost to economic activity. Prospects have improved over recent months with signs of a rebound in goods trade and industrial production becoming clear since the end of 2020. Global GDP growth is now projected to be 5.6% this year, an upward revision of more than 1 percentage point from the December OECD Economic Outlook. World output is expected to reach pre-pandemic levels by mid-2021 but much will depend on the race between vaccines and emerging variants of the virus (cf. OECD).



Source: OECD Interim Economic Outlook, March 2021. • Pre-pandemic projection refer to November 2019 projection.

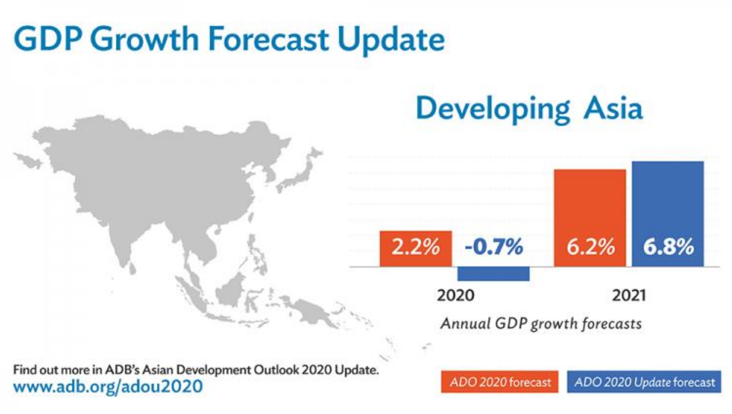
EUROPE

	General Facts & Measures	Facts & Measures for Construction
EU-27	**Economic recovery** The EU and euro area economies rebounds will be driven by vaccination programmes, restrictions ease, private consumption, investment, and a rising demand for EU exports from a strengthening global economy. The Spring 2021 Economic Forecast projects that the EU economy will expand by 4.2% in 2021 and by 4.4% in 2022. The euro area economy is forecast to grow by 4.3% this year and 4.4% next year. The European Commission emphasized the critical role of private consumption and investment in the rebound in growth. Public investment, as a proportion of GDP, is set to reach its highest level in more than a decade in 2022, backed by the EU's	The impact of Covid-19 created a varied picture across the EU region: • In Romania and Estonia, construction output grew by 10.2% and 6.8% in 2020; • While Hungary output contracted sharply by 9.4%. With the vaccination programme starting across much of the region, there is an expectation that lockdowns and health regulations measures are likely to be lifted, allowing for a strong economic recovery in the second half of the year. Eastern Europe's construction industry is forecasted to grow by 3.6% in 2021, following a general 1.6% contraction in 2020 due to

	750 billion-euro recovery plan. Growth rates will continue to vary across the EU, but all Member States should see their economies return to pre-crisis levels by the end of 2022 (May 2021). **Employment** Unfortunately, the harm to companies' survival has not been prevented – merely postponed. The same is true of the harm to employment. Not all temporary withdrawals from work can be absorbed by employment recovery. The unemployment rate in the EU is forecast at 7.6% in 2021 and 7% in 2022. In the euro area, the unemployment rate is forecast at 8.4% in 2021 and 7.8% in 2022. These rates remain higher than pre-crisis levels. Further information with the Macroeconomic Scenario for 2021-2022 (cf. Crédit Agricole and the Eurostat indicators).	the Covid-19 outbreak and the subsequent lockdown restrictions. A significant upside for the industry this year is the fiscal support from the EU through the recovery funds, that is expected to support growth in the EU (cf. The Construction Index) (May 2021).
United Kingdom	**Economic outlook** Britain's economy contracted by 1.5% in the first quarter as the country suffered a fresh coronavirus lockdown. The UK however is currently exiting lockdown at a gradual pace, allowing the economy to recover from pandemic fallout. Despite first-quarter restrictions, the UK enjoyed a growth bounce of 2.1% in March, the Office for National Statistics revealed (May 2021).	**Construction industry** UK Construction output grew by 5.8% in March 2021. Latest numbers from the Office for National Statistics show that the level of construction output in March 2021 was £14,251 million – the highest since September 2019 when it was £14,381 million. March's output was also 2.4% above the February 2020 pre-pandemic level. An increased new work, delayed projects returning to sites, a general increase in demand and confidence across the industry, and unusually warm and dry weather were contributing factors to the large monthly increase in construction output. Quarterly construction output grew by 2.6% in Quarter 1 (Jan to Mar). The English government has renewed its policy on extended site working hours during the pandemic. The measure instructs local authorities in England to approve applications for site working up until 9pm, Monday to Saturday. Introduced in May 2020, the policy was designed to encourage contractors to reduce the size of on-site teams, space out working hours and encourage off-peak travel to sites. The permission was due to end on 13 May 2021, but it was announced that the current policy will continue

		until 30 September 2021. The government considers this flexibility necessary to emerge from the continued impact of Covid-19 and to support the construction industry to recover and continue to operate safely (March 2021).

LATIN AMERICA	
	Facts & Measures for Construction
Argentina	The Argentinian Chamber of Construction (CAMARCO) carried out a survey in March 2021 that provides an overview of the construction activity from the perspective of its own actors to investigate the impact of the pandemic in the construction industry and the measures taken by the government. The study highlighted the following trends: • Works under contract: as of March 30, 2021, 73% are in normal progress, 9% have been provisionally received, 8% are delayed and another 6% are at a standstill. The proportion of works in progress decreased slightly compared to the previous wave. • In March 2021, 59% of the surveyed companies submitted budgets or bids for public works and 48% for private works projects. • 19% of the surveyed companies were awarded a private work and 31% were awarded a public work. In the latter there was an increase of 4 points with respect to the previous month (see Covid-Overview from last month). • Regarding the expectations of the sector during March, 20% expect activity to increase, 47% expect it to remain the same and 18% believe that activity will decrease. Expectations of improvement fell with respect to the previous month, and this is the second consecutive month of decline. • Regarding the measures taken by the government to encourage construction activity, 21% of the surveyed companies believe that they are good or very good, 38% that they are fair and 28% that they are bad. The evaluation of the measures taken has decreased with respect to the previous month. • Regarding the basic inputs of the sector, 84% of the surveyed companies struggled in March with the supply of iron rods, 72% with bricks and 71% with cement.
ASIA	
	General Facts & Measures
Asian Development Bank	Economic activity in developing Asia is projected to rebound in 2021 and 2022. If renewed Covid-19 outbreaks are brought under control, domestic demand and economic activity will continue to strengthen in 2021 and 2022. Progress on vaccine rollouts and recovering regional as well as global demand are expected to consolidate the growth momentum. Developing Asia is projected to grow by 7.3% in 2021. Growth is expected to moderate to 5.3% in 2022. The growth trend will not be uniform across the region. After rapid rebounds this year, some deceleration is expected in East Asia and — mainly due to India — South Asia. The more moderate growth in 2021 in Central Asia, Southeast Asia, and the Pacific will accelerate in 2022 (April 2021) (cf. Asian Development Bank).

	2020 forecast of 2021 economic recovery  The Asia and the Pacific region can emerge from the Covid-19 pandemic "even stronger than before" by focusing on five areas to help achieve a prosperous, inclusive, resilient, and sustainable future. Asian Development Bank (ADB) outlined a five-point agenda for the region covering areas critical to achieving a lasting and equitable recovery for Asia and the Pacific. Its total commitments in 2020 reached a record high of US$31.6 billion, with just over half supporting operations to respond to the pandemic. The balance was committed to address long-term development issues such as the gender equality gap, the impacts of climate change, **and investments in quality infrastructure**. These achievements were supported by record-high co-financing of US$16.4 billion and record-high capital market borrowings of over US$35 billion (May 2021).
China	China, in many ways, has already completed its recovery, returning to its pre-pandemic growth levels ahead of all large economies: IMF forecasts predict a real GDP growth of 8.4% for the year 2021 (5.8% in 2019). But growth still lacks balance, with private consumption lagging investment. China framed its recovery policies to be more inclusive and balanced, presenting an opportunity to decisively tackle gender gaps in labor markets, widen by the pandemic (May 2021). Foreign direct investment in China is expected to grow at a strong pace in 2021, thanks to the country's moves to further expand its domestic market and the robust growth of its services sector. China's actual use of foreign direct investment surged by 38.6% on a yearly basis to 397.07 billion yuan (US$61.55 billion) in the first four months of 2021. The FDI value represented a 30.1% increase over the same period in 2019 (cf. Hellenic Shipping News).

Indonesia	Indonesia's economy shrank for the fourth consecutive quarter in January-March 2021, as the country struggles to overcome a recession wrought by the coronavirus pandemic. The 0.74% on-year contraction was a big improvement on the 2.19% in the previous three months (oct-dec 2020) but slightly worse than expected, with the tourism sector among the worst-affected industries. In 2020, the economy shrank by 2.07%. Millions of Indonesians have been laid off or furloughed as the country struggled under the weight of the pandemic and in April the central bank revised down its growth outlook for this year to 4.1% to 5.1%, from a previous estimate of 4.8% to 5.3%. Covid-19 infections have topped 1.6 million with more than 46,000 deaths, putting Indonesia among the worst-hit Asian countries. The government has unveiled more than US$48 billion in stimulus to help offset the impact of the virus, which forced the government to impose wide-ranging, economically painful containment restrictions (May 2021)(cf. Free Malaysia Today).
Japan	Japan's economy is set to grow much slower than previously hoped this quarter, hobbled by extended emergency measures put in place to halt a rise in coronavirus infections. It is likely to expand by 1.7% this year, less than half of the 4.7% projected last month. A surge in infections due in part to new variants led to the government's decision to extend a state of emergency in Tokyo and three other areas until the end of the month and to expand it to two more prefectures, hitting consumer spending and broader activity (May 2021). The economy likely shrank around 4.5% on an annualized basis in the first quarter (Jan-Mar). For the full year, expectations have been revised down to a 3.6% growth from 3.9%, with economists also noting the slow pace of Japan's vaccination programme compared to other countries. For the next fiscal year, economists expect on average 2.4% growth. Japan has vaccinated 3% of its population, the lowest rate among the Group of Seven nations (cf. Hellenic Shipping News).
	Facts & Measures for Construction
Singapore	**Construction industry** Singapore construction demand declined by 37% in 2020, a significant reduction from 20,61 billion-euros in 2019 to 12,92 billion-euros in 2020. This is the lowest level of construction demand reached in the past ten years and many construction project implementation schedules have been severely impacted and pushed back due to Covid-19. Investment spending from the public and private sectors have reduced by 33% and 43% respectively. Construction activity in 2021 will continue to be driven mainly by the public sector at 65%, up from 62% in 2020. Prospects for construction demand is expected to improve, albeit only marginally. The Building and Construction Authority projects construction demand for 2021 to be between S$23 billion and S$28 billion. Notwithstanding that construction demand for 2021 is not yet back to pre-Covid levels, the Singapore government expects a sustained recovery in construction demand over the next five years.

	Singapore is to the lockdown-like conditions from May 16 to June 13 to counter the rising number of Covid-19 infections. Fewer people allowed in shopping malls and showroom, travel restrictions, limited operating capacity… Regulations may weaken the improvement made so far (cf. Free Malaysia Today).	
Russia	**Economic recovery** The Russian economy has been resilient in past quarters, despite the fact it faced two shocks in 2020: the pandemic and the fall in the oil price at the beginning of 2020. In 2020, the Russian GDP contracted by "only" 3.0%. The economic momentum is gradually strengthening. Retail sales are almost back to their level at the beginning of last year. After having deteriorated until September, the unemployment rate has consistently decreased since then, contributing to supporting consumer demand. The closed borders also benefit to consumer demand. Looking forward, we expect a decent recovery with GDP growing by 3.0% in 2021. However, the upside risk is limited. Russian potential growth remains low. Reforms toward diversifying and modernizing the economy have been limited these past few years. Even if, in 2020 and into the first months of 2021, government spending has increased strongly (+22% YoY over the past six months), the government will likely gradually normalize its spending policy as the health situation normalizes.	The lockdown measures and subsequent economic slowdown, as well as the severe dip in oil and gas prices weakened the Russian construction industry in 2020, with a marginal contraction of 0.7% in real terms. However, supported by investment in major infrastructure projects, rising oil prices and global economic recovery, the industry is expected to recover in 2021 with an expected real growth rate of 2.6%. Following the 2021 recovery, the country's construction industry is expected to grow at an annual average growth rate of 2.8% in real terms over the forecast period 2022–2025 (April 2021) (cf. GlobalData).
NORTH AMERICA		
	General Facts & Measures	
United States	The pandemic battered the US economy in 2020, shrinking it by 3.5%. Thanks to vaccines and trillions of dollars from the federal government, the US appears to be turning the corner on the Covid-19 pandemic. In the first quarter of 2021, the US economy expanded 1.6%. Real gross domestic product (GDP) increased at an annual rate of 6.4 percent in the first quarter of 2021, according to the "advance" estimate released by the Bureau of Economic Analysis. The increase in first quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the Covid-19 pandemic. The IMF expects that the coronavirus vaccine rollout and massive government stimulus will combine this year to produce the fastest annual growth rate in the United States since 1984 under President Ronald Reagan. You can download the State by State Coronavirus status updates interactive map (cf. ENR).	

MIDDLE EAST	
Saudi Arabia	Across the Middle East, North Africa, Afghanistan, and Pakistan (MENAP), countries responded to the Covid-19 pandemic with unprecedented scale and urgency. This strong response also exacerbated existing debt vulnerabilities and led to a surge in financing needs. Many countries were already facing high debt. By the end of 2019, one-half of MENAP countries had government debt ratios above 70% of GDP and one in four countries faced public gross financing needs above 15% of GDP annually. The collapse in economic activity led to losses in fiscal revenues, as countries increased government spending to mitigate the pandemic's impact. Compared to pre-pandemic expectations, primary deficits in MENAP expanded by an average of 7.5% of GDP in 2020. These higher deficits, combined with the economic slowdown, resulted in a 7%-point average increase in debt-to-GDP ratios. Public gross financing needs are projected to rise to a total of US$1,044 billion in 2021–22, from $780 billion in 2018–19.
AFRICA	
Sub-Saharan Africa	The Covid-19 pandemic has led to an unprecedented global health and economic crisis, affecting African economies, particularly in sub-Saharan Africa: a historic recession of 2.1%, the largest contraction for the sub-Saharan region in more than half a century, is threatening gains made over the last decade and attainment of the UN Sustainable Development Goals. Public development banks have a key role to play in Africa's recovery. From the beginning of the Covid-19 pandemic, institutions like the African Development Bank have channeled resources to various sectors and clients, particularly in areas like health, social investments, housing, agriculture and climate. The African Development Bank's US$10 billion Covid-19 Response Facility has mitigated macroeconomic shocks for African countries (May 2021) (cf. African Development Bank). The IMF recently released new global growth figures for 2021 including slightly upgraded forecasts for recovery in sub-Saharan Africa. The easing of lockdowns towards the end of 2020 helped cushions the shock. Direct foreign investments flows will be essential for the continent to recover and will depend on governments' ability to attract private capital to finance substantial infrastructure needs. The IMF estimates that the region will need an additional US$425 billion of external financing by 2025 to recover from the economic consequences of the crisis. Sub-Saharan policymakers face three immediate challenges: to meet increased spending needs; to contain a pronounced increase in public debt, *and* to mobilize more tax revenues.
Multilateral Development Banks (MDBs) and other international institutions	
World Bank	Despite Covid-19, remittance flows remained resilient in 2020, registering a smaller decline than previously projected. Officially recorded remittance flows to low-and middle-income countries reached US$540 billion in 2020, just 1.6% below the 2019 total of US$548 billion, according to the latest Migration and Development Brief. The true size of remittances, which includes formal and informal flows, is believed to be larger than officially reported data, though the extent of the impact of Covid-19 on informal flows is unclear.

	Remittance inflows rose in Latin America and the Caribbean (6.5%), South Asia (5.2%) and the Middle East and North Africa (2.3%). However, remittance flows fell for East Asia and the Pacific (7.9%), for Europe and Central Asia (9.7%), and for Sub-Saharan Africa (12.5%). The decline in flows to Sub-Saharan Africa was almost entirely due to a 28% decline in remittance flows to Nigeria. Excluding flows to Nigeria, remittances to Sub-Saharan Africa increased by 2.3%, demonstrating resilience.

GO TO THE MAP