



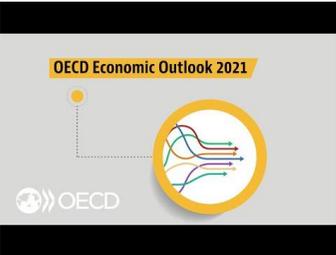
Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at June 16, 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 24

Country/Region	General Facts & Measures	
WORLD		
	General facts & Measures	Facts & Measures about the Construction
<p>World</p>	<p>May 2021 forecasts Prospects for the world economy have brightened but this is no ordinary recovery. It is likely to remain uneven and dependent on the vaccination programmes and public health policies. Some countries are recovering much faster than others. Korea and the United States are reaching pre-pandemic income levels after 18 months. Much of Europe is expected to take nearly 3 years to recover. In Mexico and South Africa, it could take between 3 and 5 years. <u>Global economic growth is now expected to be 5.8% this year.</u></p> <p>Progress in vaccination in advanced countries and massive government support are boosting prospects for the global economy: further information with OECD's two minutes view on the Economic Outlook 2021.</p>  <p>According to the IMF, there can be no lasting end to the economic crisis without an end to the health crisis. Pandemic policy is thus economic policy: ending the pandemic is a solvable problem that requires further coordinated global action. The IMF proposes targets to bring the</p>	<p>GlobalData released a study to understand the impact of Covid19 across the industries, including a closer look at the construction industry (February 2021).</p> <p>Global construction output will recover in 2021, but markets will struggle to return to pre-Covid-19 levels. Global construction output fell by 5.3% in 2020 and is expected to grow by 3.6% in 2021.</p> <p>GlobalData predicts infrastructure investments will be a focus for efforts to boost the recovery.</p> <p>Further information about the GlobalData study here.</p>



	<p>pandemic under control everywhere and the means to achieve them. The proposal aims to:</p> <ul style="list-style-type: none"> • vaccinate at least 40 percent of the population in all countries by the end of 2021 and at least 60 percent by the first half of 2022, • track and insure against downside risks, and • ensure widespread testing and tracing, maintain adequate stocks of therapeutics, and enforce public health measures in places where vaccine coverage is low. <p>Further information on the IMF recommendations to end the health crisis here.</p>	
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EUROPE		
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	General Facts & Measures	Facts & Measures for Construction
EU-27	<p>Health Measures An agreement was reached on May 20 on the European Covid19 certificate. This will make possible, as of July 1, to certify that a person has been vaccinated, tested negative or immunized after having contracted the disease. States will be able to impose additional restrictions, but with proper justification and 48 hours' notice. The Re-open EU website lists the measures applicable in each Member State. The objective of this European digital certificate is to facilitate freedom of movement during the pandemic and to contribute to a progressive lifting of restrictions (cf. MEDEF).</p> <p>Economic recovery After the drop-in activity recorded in the first part of 2020 and the rebound in the summer, the EU economy faced another drop in late 2020 as the resurgence of the pandemic provoked a new round of containment measures. With output falling again in the last quarter of 2020 and the first of 2021, by a cumulative 0.9%, the EU was pushed back into recession. However, considering the ease of restrictions, the decline in activity was far milder than the downturn in the first half of 2020.</p>	<p>The overall construction growth continues in the EU, fueled by a renewed increase in new house-building orders, and despite the commercial work and civil engineering declines.</p> <p>Usamah Bhatti, economist at IHS Markit, stated: “The upturn in the eurozone construction sector continued in May, as businesses reported a slightly stronger expansion in activity. At the same time, new order growth resumed at a solid pace, the strongest since February 2019. Yet, widespread reports of shortages of raw materials placed severe pressure on supply chains.”</p> <p>Underlying data indicated that the upturn was centred on housebuilding. There was a softer fall in commercial construction and a quicker decline in infrastructure projects. Italian constructors led the upturn with the strongest expansion on record, while French firms noted the first rise in home building for 15 months. Meanwhile, German builders reported a further drop in activity, the fastest for three months (cf. Construction index).</p>

	<p>Economic developments in 2021 and 2022 will be largely determined by how successfully vaccination programmes will contain the pandemic and how quickly governments will lift restrictions.</p> <p>The expected GDP growth are:</p> <ul style="list-style-type: none"> • For the Euro area, 4.3% in 2021 & 4.4% in 2022; • For the EU, 4.2% in 2021 & 4.4% in 2022. <p>The recovery will be fueled by the increase of private consumption, the recovering investments and the increased demand in European exports (May 2021) (cf. European Commission).</p> <p>Further information on the European Commission Spring economic forecast here.</p> <p>This month, the European Commission updated the EU Industrial Strategy to ensure that its industrial ambition takes full account of the new circumstances following the COVID-19 crisis and helps to drive the transformation to a more sustainable, digital, resilient and globally competitive recovery (May 2021).</p> <p>Employment The EU unemployment rate is forecast to rise to 7.6% this year and to decline to around 7% in 2022, above the rate of 6.7% in 2019. The labour market outlook hinges not only on the speed of the economic recovery, but also on the timing of policy support withdrawal and the pace at which workers are reallocated across sectors and firms (cf. European Commission).</p> <p>Country Focus</p> <hr/> <p>FRANCE French GDP fell by 0.1% in the first quarter, according to the National Institute of Statistics and Economic Studies (INSEE), a sharp correction to the initial growth estimate of 0.4%.</p>	<p>Country Focus</p> <hr/> <p>FRANCE The initial growth revision of the French GDP is explained by the integration of construction data, less dynamic than planned by the first estimate. Activity in this sector has been brought down to +0.5%, compared to +4.2% previously. Investments were also weaker than anticipated (+0,2% instead of +2,2%)(May 2021)(cf. France info).</p> <p>GERMANY The construction sector suffered a significant drop in activity (-4.9% in the first 2021 quarter) due to the exceptionally cold weather endured at the beginning of the year. Construction investments nevertheless increased by 1.1% in the first quarter of 2021 (May 2021)(cf. Crédit Agricole).</p>
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	<p>Further information with Crédit Agricole Prospects of the 2021-2027 French Stability Programme.</p> <p>SPAIN As vaccination advances and restrictions are progressively lifted, economic activity will pick up strongly. GDP is projected to grow by 5.9% in 2021 and 6.3% in 2022, supported by rising demand, the national recovery plan and a gradual pick-up of tourism (May 2021). Further information with the OECD Economic forecast.</p> <p>For more country focus, visit the OECD Economic snapshots by country.</p>	
<p>United Kingdom</p>	<p>Economic outlook The economic decline (1.5% in 2021 first quarter) turned out to be smaller than feared, given the duration and severity of the restriction measures: in February 2021, the Bank of England was anticipating an economic decline of 4.2% for the first quarter 2021. Though, the GDP remains 8.7% below its pre-crisis level of end 2019 (May 2021)(cf. Crédit Agricole).</p> <p><u>However, leading indicators suggest a strong recovery underway:</u></p> <ul style="list-style-type: none"> • Monthly GDP data shows that after a 2.5% fall in January, February saw an increase (+0.6%) that picked up sharply in March (+2.1%). • Strong GDP growth of 7.2% in 2021 and 5.5% in 2022 is projected as a large share of the population is vaccinated and restrictions to economic activity are progressively eased. GDP is expected to return to its pre-pandemic level in early 2022 (cf. OECD). <p>Further information on Crédit Agricole prospects. Further information on the UK Economic and Fiscal outlook, by the Office for Budget Responsibility.</p>	<p>Construction industry The Coronavirus Job Retention Scheme (CJRS), established at the beginning of the pandemic, initially allowed companies to claim government cash to pay employees up to 80% of their wages for hours they could not work due to the Covid-19. Data released by the government showed that 166,600 jobs in the construction sector were being supported by the CJRS on 30 April 2021 (198,300 a month earlier). The decline in the use of the scheme in April reflected a sharp rise in activity into the spring (cf. Construction News).</p> <p>However, earlier June, almost 100,000 SMEs in the construction sector were classified as being in financial distress in 2021's first quarter (cf. Construction News).</p>
<p>LATIN AMERICA</p>		
<p>Facts & Measures for Construction</p>		

Salvador	<p>Despite foreseeing important challenges, the construction sector is optimistic and expects to improve its results in 2021, after the impact of the pandemic. The Salvadoran Chamber of the Construction Industry (CASALCO), reported that, after a fall of 15% in 2020, the growth of the construction sector could reach 4% in 2021, fueled by public and private investments. CASALCO is currently promoting around US\$1 billion in private investment projects, while the Government unveiled a series of US\$600 million large-scale projects, which would boost the sector.</p> <p>For these projects to be successful, the construction sector will have to overcome the following challenges, results of the pandemic:</p> <ul style="list-style-type: none"> • The shortage in labour; • The shortage in raw materials; • The rising raw material prices (further information here). <p>The process of vaccination against the Covid-19 is imperative for the recovery of productivity in countries that do not yet produce at their maximum capacity because of the restrictions (cf. CASALCO).</p>
ASIA	
General Facts & Measures	
Asian Region	<p>Developing Asia’s economy shrank by 0.2% in 2020, and divergences emerged within the region. Stifled by domestic lockdowns and a global recession, consumption and investment dragged down output in most economies. South Asia posted the largest contraction with:</p> <ul style="list-style-type: none"> • An 8.0% fall in India’s GDP; • A contraction of 9.6% in the Philippines and 6.1% contraction in Thailand. <p>Economic activity in developing Asia is projected to rebound 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 and 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 (April 2021) (cf. Asian Development Bank).</p>
China	<p>June 2021 Forecasts</p> <p>China’s economic growth is expected to remain robust during the second half of 2021 thanks to a strong policy support and a recovering external demand. Unlike the strong recovery seen in the first few months, the growth momentum is expected to moderate from July. For 2021, the annual GDP growth rate may be of 8.5% (a slight increase compared to May’s forecasts) (June 2021) (cf. Hellenic Shipping News).</p> <p>May 2021 Forecasts</p> <p>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</p>



	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).	
India	India's GDP for 2021-2022, is expected to expand by 8.3%. Activity will benefit from policy support, including higher spending on infrastructure, rural development, and health, and a stronger-than expected recovery in services and manufacturing. However, this forecast ignores the significant expected economic damage from the second Covid-19 wave and localized mobility restrictions since March 2021 (June 2021) (cf. Hellenic Shipping News).	
Kyrgyz Republic	The Kyrgyz Republic's economy is expected to recover slowly in 2021 before accelerating in 2022 as borders reopen and supply chains reactivate, according to a new Asian Development Bank (ADB) report . ADB forecasts its GDP growth to be 3.5% in 2021, and to reach 5% in 2022. Much of this growth will depend on the broad Central Asian region recovery. Last year, ADB approved US\$70 million in Covid-19 support for the Kyrgyz Republic, in efforts to contain the pandemic impacts (cf. Asian Development Bank).	
	Facts & Measures for Construction	
Malaysia	<p>Malaysia's construction industry is set to recover in 2021 and expand by 14.6% after construction activity was brought to a standstill across the country due to the impact of Covid-19 containment measures. According to GlobalData's report, Malaysia's construction activity had slowed considerably in 2019, owing to delays in several mega construction projects and an increase in unsold housing stock. This weakness was further exacerbated with the pandemic in 2020. As a result, construction value-add declined by 19.4% in real terms. The recovery in 2021 will be driven by investments in transportation and energy projects as well as affordable housing.</p> <p>The construction industry is expected to post an annual average growth rate of 6.5% in real terms between 2022–2025, driven by a recovery in economic conditions, coupled with investments in transport infrastructure, renewable energy, residential, telecommunications and water infrastructure projects (May 2021).</p>	
NORTH AMERICA		
	General Facts & Measures	General Facts & Measures for Construction
Canada	<p>Economic Outlook Canada's GDP rebound by 1.4% in the first 2021 quarter, following a 2.2% increase in the last quarter of 2020. These gains, fueled by increased spending on durables, rising export volumes and higher outlays on housing, more than offset the sharp drop (-11.3%) in the second quarter of 2020 (June 2021) (cf. Statistics Canada).</p>	<p>Total investment in building construction increased by 6.3% to reach Can\$19.9 billion in April 2021. Residential construction investment performed strongly in April, rising for the 12th consecutive month. In contrast, non-residential construction has not fully returned to pre-Covid-19 levels. However, it increased by 0.9% in April 2021 (cf. Statistics Canada).</p>



	<p>Employment Net employment losses since the onset of the pandemic rose to 571,000 as third-wave restrictions remained in effect across the country. The labour market continues to improve with unemployment falling from 8.2% in February to 7.5% in March, the lowest level reached since March 2020. The Canadian construction industry has followed a similar trend with recent reports confirming that the industry gained 25,700 jobs in March, boosting its workforce by 1.8%. However, there is far to go before pre-pandemic levels are reached and a mixed pace of recovery across different industries is to be expected. The industries most affected have been those highly exposed to the pandemic including accommodation and food services, cultural and recreational, wholesale and retail trade, and construction (Spring 2021) (cf. Turner&Townsend).</p>	<p><i>Investments in building construction (from April 2016 to April 2021)</i></p> <p>Further information on Statistics Canada.</p>
General Facts & Measures		
<p>United States</p>	<p>The U.S. economy is poised to grow at its fastest pace in decades, carried along by a wave of pent-up demand built during the pandemic and the trillions of dollars of support the government has provided over the past year. Economists surveyed by IHS Markit estimate on average that real GDP will be 6.7% higher in the fourth quarter of 2021 than it was a year earlier. That would mark the strongest year of growth since 1983. There is still a measure of caution in current forecasts, reflecting the possibility that the Covid-19 crisis could flare up again (cf. The Wall Street Journal).</p> <p>Further information on ENR’s State-by-State Coronavirus Construction Updates.</p>	
AFRICA		
General Facts & Measures for Construction		
<p>Nigeria</p>	<p>Nigeria’s construction industry declined by 7.7% in 2020, hit by both the containment measures and disruption caused by the Covid-19 pandemic. However, the industry is expected to recover in 2021, with a forecasted growth of 3.9%, driven by a sharp recovery in output levels compared to periods when works were not permitted or were severely restricted in 2020 (cf. GlobalData). GlobalData further plans a construction industry annual growth rate of 3.2% between 2022-2025, supported by the government’s plan to invest in the country’s infrastructure and energy sector (May 2021).</p>	



OCEANIA	
General Facts & Measures for Construction	
Australia	<p>Although the construction industry in Australia was designated as an essential service and exempted from lockdown restrictions, it was affected in 2020 due to restrictions in labour availability on sites, social distancing restrictions and supply chain disruptions. The industry is expected to expand by 2.2% in 2021, following a decline of 2.1% in 2020 (May 2021) (cf. GlobalData).</p> <p>In 2021 the industry's output will be supported by the government's focus on infrastructure investment to revive the pandemic-hit economy. In mid-June 2020, the government announced that 15 infrastructure projects worth A\$72 billion (US\$49.1bn) will be fast-tracked, supporting over 60,000 direct and indirect jobs. Further information with GlobalData "Australia – Key trends and opportunities by state and territory to 2025 (Q2-2021)" report.</p>
New Zealand	<p>Lockdown restrictions in the first half of 2020 and the resulting economic uncertainty and weakness severely impacted construction activity, with the industry contracting by 7.3%. However, growth is expected to return in 2021, with a forecast 5.5% growth. The industry's recovery will be driven by investments in shovel-ready projects, as well as a sharp recovery in output levels compared to periods when works were not permitted or were severely restricted in 2020. Between 2022 and 2025, the construction industry in New Zealand is expected to grow annually by 3.5%, supported by investments in residential, transport, institutional and renewable energy projects (May 2021) (cf. GlobalData).</p>
Multilateral Development Banks (MDBs) and other international institutions	
World Bank	<p>The World Bank released its flagship report "Global Economic Prospects". From global to regional focus, the World Bank assesses the current state of the world economy, and highlights the expected trends, of a post-Covid-19 recovery (June 2021). Read the World Bank report here.</p>
African Development Bank	<p>South Africa</p> <p>With its large population and economy at risk, South Africa initially struggled to cope with Covid-19 during the onset of the pandemic. The country remained on lockdown beyond many others, with prolonged restrictions on businesses and school closures. Businesses suffered from the lack of tourism and the limited movement of people. In response to a government request, the African Development Bank approved a loan of \$US 288 million to South Africa to fight the spread of Covid-19. "The program will support a range of measures geared towards enhancing social protection, income and food security," Evelynne Change, chief governance officer in the Bank's Southern Africa Country Office explains (May 2021).</p>


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