



Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at July 15, 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 29

Country/Region	General Measures
WORLD	
	According to the <u>International Monetary Fund (IMF)</u> , the ongoing COVID-19 pandemic has already prompted an unprecedented fiscal policy response of <u>close to \$11 trillion worldwide</u> . Public debt is expected to stabilize in 2021 (excluding the United States and China), spurred by low interest rates and a projected strong rebound in economic activity in the baseline (10 July).
ASIA	
	General Measures
Northeast Asia	<u>Construction output for Northeast Asia has been revised down to 1.1% this year, compared to a pre-pandemic forecast of 4.2%</u> . According to data and analytics company GlobalData, Northeast Asia is the largest region in terms of the total value of global construction output. And while it was the epicenter of the Covid-19 pandemic, China is still expected to post a minimal level of growth in 2020. Investment activities also started picking up in March, before accelerating in April, with the latest data showing further progress in investments in both fixed assets and real estate segments. Investments in real estate development grew by 7% year-on-year in April, which followed marginal growth of 1.1% in March and a 16.3% contraction during the first two months. The quarterly construction value-add data from the region presents a mixed picture with real growth rate declining by an unprecedented 17.5% in China and by 9% in Hong Kong; however, the South Korean industry grew by 3.2%, while in Mongolia the growth rate was 11.9% (cf. Construction Europe) (14 July).
China	The <u>economy has shown signs of recovery in recent months</u> , however, supported by government investment in infrastructure. The construction industry's recovery in China has been rapid (14 July).
Hong Kong	GlobalData reports <u>Hong Kong's construction industry was already in dire straits prior to the Covid-19 outbreak, with output contracting by 9.3% in 2019</u> . The situation worsened following the outbreak of the virus and the renewed tensions following political interference from China. The US government's trade war with China and the removal of Hong Kong's special status are expected to decrease investment in industrial construction, while the commercial segment would be affected due to decrease in tourist inflows (cf. Construction Europe) (14 July).
Japan	<u>Construction activities in Japan have been affected</u> as major construction contractors temporarily halted work in the country due to the state of emergency measures announced by the government (14 July).



South Korea	The government's extensive tracing and testing method has played a role in limiting the spread of the virus, but while the industry performed better than expected, <u>the total value of construction orders received declined by 11.8% during the first four months of the year</u> (cf. Construction Europe) (14 July).	
	General Measures	Measures for construction
Southeast Asia	<u>Governments in the Asia-Pacific (APAC) region in general, particularly Philippines and Vietnam in the southeast, are considered to be in a favourable position to invest in infrastructure</u> with an eye toward boosting economic growth in the wake of the Covid-19 crisis. In the past five years, the value of global infrastructure construction grew by 3.2% on an average annual basis, driven with infrastructure construction in Northeast Asia growing an average of 5.4% per year and 6.8% in South and Southeast Asia (cf. Construction Europe) (14 July).	
India	According to the <u>World Bank</u> , the Indian economy is expected to contract <u>by 3.2% in financial year (FY) 2021</u> . The debt to GDP ratio is expected to rise from 70% in FY 2020 to more than 80% as per market consensus due to the lower revenue generation and higher expenditure. This would limit the government's ability to invest heavily in the infrastructure segment, including the National Infrastructure Pipeline (cf. Construction Europe) (8 July).	The <u>construction industry in India is set to contract by 7.5% in 2020 due to the effects of the Covid-19 crisis coupled with weakness carried over from 2019</u> . According to data and analytics company GlobalData, the Indian construction industry had already been showing signs of weakening before the outbreak of Covid-19. The residential market was struggling due to rising unemployment, a liquidity crunch in the non-bank financial sector, and a decline in new residential projects launched across major cities. The situation was expected to improve in 2020 due to government initiatives such as improving liquidity position and expanded infrastructure investments under the National Infrastructure Program. The pandemic, however, has caused disruption in the economy, worsening unemployment amid the extended lockdown (cf. Construction Europe) (8 July).
Singapore	<u>Singapore entered a recession in the second quarter of this year after its economy shrank 41.2% in the three months to July from the previous quarter</u> , owing to measures to halt the spread of Covid-19. In the second quarter, manufacturing in Singapore shrank 23.1% and services shrank 37.7% (14 July).	<u>Construction nearly stopped altogether, shrinking 95.6% quarter on quarter, far more than any other sector</u> . Taking a longer view, the country's economy shrank by 12.6% year on year in the second quarter, with construction shrinking 54.7% year on year, according to advance estimates from the Ministry of Trade and Industry released on Tuesday. Trade and Industry Minister Chan Chun Sing said the figures were expected given the unprecedented lockdown measures that were in place from 7 April to 1 June and the pandemic's disruptions to the global economy (cf. GCR) (14 July).

NORTH AMERICA		
	General Measures	
USA	The Trump administration is planning to extend restrictions barring non-essential travel across the Mexican and Canadian borders until at least late August as coronavirus cases and deaths continue to spike in the U.S. and Mexico. Coronavirus cases in the U.S. are still rising rapidly as the nation has seen more than 3.4 million confirmed infections and more than 135,000 deaths. Mexico is experiencing a similar trajectory (cf. IATR) (15 July).	
AFRICA		
	General Measures	Measures for Construction
	The sudden realisation of the need to reduce dependence on global supply chains makes the <u>effective implementation and associated infrastructure development of the African Continental Free Trade Area (AfCFTA) to accelerate intracontinental integration even more compelling</u> . The AfCFTA will constitute the world's largest free trade area in terms of number of participating countries. The objective of AfCFTA is to foster intra-continental trade, which accounted for only 17% of African exports in 2017, compared to 59% in Asia (UNCTAD). To date, 30 of the 54 countries have ratified the instruments, which were supposed to enable trading under AfCFTA from 1 July 2020; however due to COVID-19, the starting date has been postponed (cf. OECD).	The <u>spread of COVID-19 has also affected the thinking on the future landscape of Africa's infrastructure</u> . While the impact from the current experience in Africa continues to be measured and analyzed, it has already highlighted the importance of accessible ICT, energy and water infrastructure, as well as the need to design transport infrastructure with possible pandemics in mind. In particular, the recognition of the viability of teleworking and on-line education could also alter the choices in urban planning as well as urban-rural linkages. By June 2020, 10 African countries had reformed digital policies to facilitate teleworking and e-education, digital cash transfers, and company loans (cf. OECD).



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