Confederation of International Contractors' Associations (CICA)
Strategic Watch: COVID-19 Overview by country and region (situation at April 21, 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 16

Country/Region	Facts & Measures for Construction
WORLD	
World	According to the OECD, **global GDP growth is now projected to be 5.6% this year**, an upward revision of more than 1 percentage point from the December 2020 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. Download the OECD's interactive map on the recovery: OECD Economic Outlook **Scenarios** The global vaccine rollout remains uneven, with restrictions remaining in some countries and sectors. The outlook for growth would improve (upside scenario) if the production and distribution of doses accelerates and if the latter is better coordinated around the world and gets ahead of virus mutations. This would allow containment measures to be relaxed more rapidly and global output to approach pre-pandemic projections for activity. But consumer spending and business confidence would be hit (downside scenario) if vaccination programmes are not fast enough to cut infection rates or if new variants become more widespread and require changes to current vaccines (cf. OECD).
EUROPE	
EU-27	It is reported that Eurozone construction has returned to growth. New orders in the sector have return to growth and business optimism is strong, according to the latest IHS Markit Eurozone Construction Purchasing Managers' Index (PMI). The return to growth was led by house-building activity, which rose for the first time in 13 months. There were also softer declines in commercial construction and civil engineering. • **Employment**: Latest data pointed to a renewed expansion in employment levels at eurozone construction firms. Although marginal, the increase in workforce numbers was the first since February 2020. French and Italian firms for example recorded job creation in March 2021, with the latter posting the strongest rise since June 2019. German firms noted a marginal fall in employment levels, however. • **New orders**: New orders received by eurozone construction firms returned to growth in for the first time in 13 months in March 2021. Though the pace of the increase was marginal, it was the fastest since January 2020. Businesses commented that a number of projects postponed due to the pandemic were brought to tender, notably in the French and Italian public sector. Only firms in Germany indicated that new business

	had fallen in March, while their French counterparts signaled a renewed expansion. Italian firms, meanwhile, reported the quickest rise since May 2001. • **Home building**: returned to expansion territory in March, though the pace of growth was modest overall. The increase was led by a strong rise in Italy, with support from a stabilization in activity in France. However, German firms noted the second successive fall in housebuilding, although the pace of decline softened from February**.** • **Commercial construction**: activity was the worst performing sub-sector in the latest survey period. Construction firms in France and Germany continued to report sharp contractions, while Italian businesses signaled a further, solid rise in activity. • **Civil engineering**: projects reduced for the 20th month in succession in March 2021. That said, the decline softened from February and was the softest since February 2020. A solid contraction in Germany offset marginal growth. In general, business optimism remains strong among both Italian and French builders (9 March 2021).
United Kingdom	The UK construction industry has been severely impacted due to the disruption caused by the Covid-19 outbreak and the subsequent lockdown measures. According to GlobalData, industry output declined by 13.6% in real terms in 2020, while output contracted by 2.8% year on year (YoY) in the fourth quarter of 2020, which was preceded by declines of 8.8% in Q3, 35% in Q2 and 3.4% in Q1 2020. GlobalData expects the country's construction industry to rebound and grow by 8% in 2021 and record an average growth of 2.5% between 2022 to 2025. The industry's output will be supported by improving investor confidence and investments in transport, renewable energy, residential and commercial infrastructure projects. With the new support package of GBP4.6 billion (US$5.5 billion) released in January 2021 by Chancellor Rishi Sunak, businesses such as retail, hospitality and leisure will be supported until April 2021. The government is also focusing on the development of renewable energy projects, with an aim to produce offshore wind power capacity of 40GW by 2030, up from the present 10GW – this should help the country to meet its zero-carbon emissions target by 2050. Over the remaining part of the forecast period, the industry's output should also be supported by key investment projects, which include Highways England's Road Investment Strategy 2 (RIS2), which started operating from April 2020, and will run until March 2025 with a total budget of GBP27.4 billion (US$32.7 billion), and the GBP40 billion (US$47.8 billion) investment program of Ofgem, the country's energy regulator, to transform Britain's gas and electricity transmission network over the next five years. The wider economic impact of Covid-19 disruption along with post-Brexit challenges are likely to weigh on the construction industry, particularly affecting industrial and commercial construction (cf. GlobalData) (March 2021).

LATIN AMERICA

Whole region

Latest projections for Latin America and the Caribbean

(real GDP growth; percent)

	2019	*Est.* 2020	Projections 2021	Projections 2022
Latin America and the Caribbean	0.2	-7.0	4.6	3.1
South America[1]	-0.1	-6.6	4.4	2.8
CAPDR	3.2	-7.2	5.6	4.1
Caribbean				
Tourism dependent[2]	0.2	-10.1	1.4	5.1
Commodity exporters[3]	0.2	4.7	6.0	19.2
Latin America				
Argentina	-2.1	-10.0	5.8	2.5
Brazil	1.4	-4.1	3.7	2.6
Chile	1.0	-5.8	6.2	3.8
Colombia	3.3	-6.8	5.1	3.6
Mexico	-0.1	-8.2	5.0	3.0
Peru	2.2	-11.1	8.5	5.2

Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Regional aggregates are purchasing-power-parity GDP-weighted averages. CAPDR = Central America, Panama, and the Dominican Republic.
[1]Excludes Guyana and Suriname.
[2]Includes Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Dominica, Grenada, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.
[3]Includes Guyana, Suriname, and Trinidad and Tobago.

INTERNATIONAL MONETARY FUND

Argentina

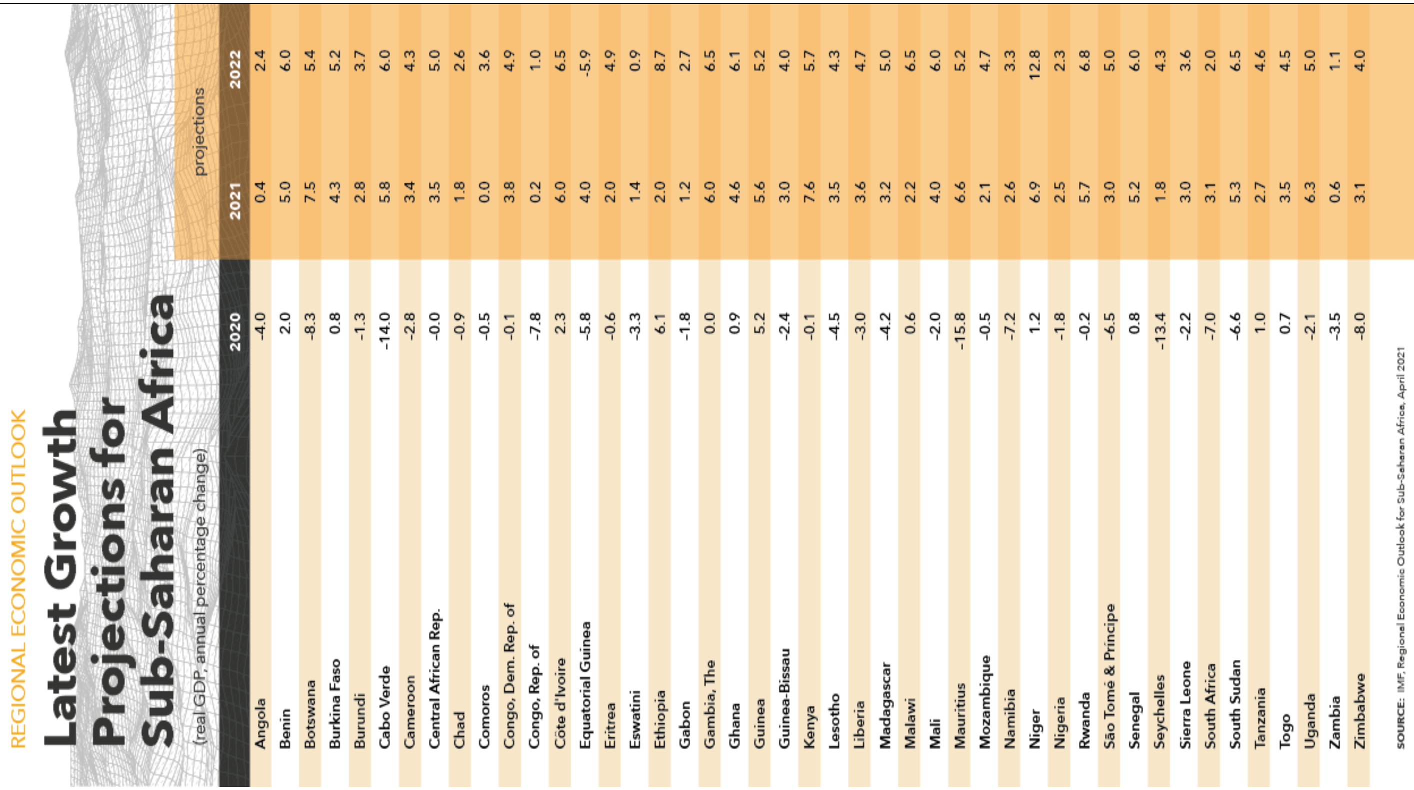
The Argentinian Chamber of Construction (CAMARCO) carried out a survey in February 2021 that provides an overview of the construction activity from the perspective of its own actors to investigate the impact of the pandemic in the construction industry and the measures taken by the government. The full study can be downloaded here.

	The results obtained indicate that: • Of the works in force as of January 31, 2021, 69% are with normal development, 15% with provisional reception, 7% are delayed and another 7% are paralyzed. The proportion of works in normal progress remains similar to the previous wave; • In January 2021, 58% of the companies submitted budgets or offers for public works and 40% for private works; • Only 23% of the surveyed companies were awarded a private work and 18% were awarded a public work project, a slight decrease compared to the previous month; • In January 2021, only 10% of the companies had suspended personnel under the UOCRA (Argentinean Building Workers Union) agreement, in the case of personnel under law 20.744, only 6% of the companies indicated that they had suspended personnel. Both values are similar to those of the previous month; • Regarding the sector's expectations, 45% of the surveyed company representatives expect activity to increase, 29% expect it to remain the same and only 11% believe that activity will decrease. Expectations of improvement are higher than in the previous month and record 4 consecutive months of increase; • Regarding the measures taken by the government to stimulate construction activity, 30% believe that they are good or very good, 40% regular and 22% bad (cf. CAMARCO) (March 2021).
ASIA	
China	China reported record year-over-year growth of 18.3% in the first three months of 2021. But the more telling figure might be the economy's 0.6% expansion compared with the quarter before–a historically sluggish pace that suggests momentum is slowing, one year into China's coronavirus recovery. Authorities lifted the lockdown of Wuhan, the original center of the coronavirus, on April 8 last year and the export sector resumed strongly. **The result was full-year GDP growth of 2.3%, making China the only major economy in the world to expand in a pandemic-scarred 2020.** Now, though, signs of waning momentum are starting to appear. That latest quarter-on-quarter GDP figure marks the slowest growth rate in the past decade, with the exception of the coronavirus-hit first quarter of 2020, according to Capital Economics. Representatives from Capital Economics point to softening numbers in the industrial, construction and services sectors. The domestic economic recovery would not be solid yet (cf. Hellenic Shipping News) (April 2021).
Malaysia	The International Monetary Fund (IMF), in its latest Country Report, said Malaysia's growth is projected to rebound to 6.5% in 2021, driven by a strong recovery in the manufacturing and construction sectors, and the impact of the vaccination rollout in February 2021. **GDP**: The current account surplus would decline to 3% of GDP as demand for pandemic-related equipment recedes and the rebound in domestic demand raises imports. It also said the travel balance deficit would persist as international travel restrictions continue through the first half of 2021. Over the medium term, growth will converge to 5%, inflation will stabilize at 2% and the current account surplus will return to its downward pre-pandemic path. Meanwhile, the IMF said an intensification of the pandemic or realisation of other risks could derail the recovery.

	Fiscal risk: Domestically, fiscal risks from contingent liabilities could materialize while domestic policy uncertainty could dampen business confidence and investment. Although the current account surplus helps reassure investors, it nevertheless represents a gap of 3.6% of GDP that cannot be fully explained by Malaysia's fundamentals and desired policies and is partly driven by relatively lower spending on social safety nets in Malaysia. Going forward, the IMF said policies that strengthen social safety nets and continue to encourage private investment can help facilitate external rebalancing. **External debt**: The IMF said that Malaysia's external debt remains high but manageable. External debt increased to 67.5% of GDP by end-September 2020 (63.4% in 2019), partly driven by higher non-resident holdings of ringgit-denominated debt instruments (cf. IMF / FMT) (18 March 2021).
Singapore	Construction activity in 2021 will continue to be driven mainly by the public sector at 65%, up from 62% in 2020, according to UK-headquartered construction consultant Turner & Townsend's Singapore Market Insight Report. **Construction output** 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 (€14 billion) and S$28 billion (€18 billion). Notwithstanding that construction demand for 2021 is not yet back to pre-Covid-19 levels, the Singapore government expects a sustained recovery in construction demand over the next five years. Some of the notable projects in the pipeline include subsequent phases of major Mass Rapid Transit (MRT) infrastructure projects, new healthcare facilities and new regional centers. While construction output is due to rise to the range of S$24bn (€15bn) and S$27bn (€17bn) in 2021, up from S$19.5bn (€12bn) last year, this increase will be largely attributed to the backlog created during the pandemic. **Private residential sector** Demand from the private residential segment is anticipated to remain soft in 2021 with a reduction in the number of land parcels put up for sale in the first half of 2021. However, the demand for collective sales could pick up later in 2021, as developers may start looking to replenish their land banks. **Tender pricing** Despite a decline in construction activity, tender pricing for new projects is anticipated to increase between 6-10%, driven by contractors allowing for labor shortages, increases in key construction material costs, availability of contracting resources and the implementation of the Covid-safe management measures. Given the level of uncertainty in the current market, a much wider range of tender pricing has also been reflected in some project tenders, in some instances more than 10% over and above 2020's price level. It is anticipated that it will take some time for tender prices to stabilize (cf. GCR) (13 April 2021).

Thailand	According to the IMF, the Covid-19 pandemic has significantly impacted the Thailand economy. Real GDP growth in 2020 contracted by 6.1%. Containment measures and the sudden stop in tourism flows have depressed activity. Subsequently, real GDP recovered in both Q3 and Q4 2020 and grew by 6.2% and 1.3% respectively on a quarter-to-quarter basis. The outlook remains challenging. Growth is projected to reach 2.6% in 2021, led by a recovery in domestic demand. The recovery in tourism is expected to be slow for most of 2021, hinging partly on a successful vaccine deployment and resumption of global travel. Exports are expected to pick up on a stronger recovery in global demand. Inflation is forecast to recover somewhat in 2021 staying near the lower bound of the Bank of Thailand's 1 to 3% target range (cf. IMF) (15 March 2021).
NORTH AMERICA	
United States	**Download the State by State Coronavirus status updates interactive map (cf. ENR)** President Joe Biden unveiled a roughly US$2 trillion jobs proposal focused on infrastructure and the climate crisis in a speech in Pittsburgh on March 31, 2021, stressing his support of labor unions and his hope the investment would lift the middle class. The American Jobs Plan consists principally of one-time capital investments. It will, if passed by Congress, invest about 1% of GDP per year over eight years to upgrade infrastructure, shift to greener energy, revitalize manufacturing, invest in basic research and science, shore up supply chains and solidify care infrastructure. In total, the plan will invest about US$2 trillion this decade. Biden plans to pay for his proposal by raising corporate taxes and eliminating tax breaks for fossil fuels, which was one of his core campaign promises. The White House says this tax hike would raise more than US$2 trillion over the next 15 years. Biden made the case the spending would pay for desperately needed upgrades for roads and bridges as well as ports and airports - all while helping to reduce climate change. His proposal would modernize 20,000 miles of run-down highways, roads and main streets and 10,000 bridges. It would also fix 10 of the nation's most economically significant bridges in America that require replacement. Biden further emphasized his proposal would create hundreds of thousands of jobs while tackling the climate crisis and reducing emissions. It would also build a modern, resilient and fully clean grid and creating a nationwide network of 500,000 charging stations for electric cars. The proposal also includes building or retrofitting more than 2 million homes or housing units, replacing every lead pipe in the country and ensuring that all Americans have access to affordable, reliable and high-speed broadband. It also calls for investments in manufacturing, transportation, research and development, bolstering caregiving for aging and disabled Americans and building new public schools and upgrading existing buildings. Biden said he would invite Republicans into the Oval Office at the White House and listen to their thoughts on his infrastructure proposal. Biden laid out his plans to pay for the investments in infrastructure, which includes raising corporate taxes, a core campaign promise. Biden would raise the corporate income tax rate to 28%, up from 21%. The rate had been as high as 35% before former President Donald Trump and congressional Republicans cut taxes in 2017. Biden would also make it harder for US companies to acquire or merge with a foreign business to avoid paying US taxes by claiming to be a foreign company, and would increase the minimum tax on US corporations to 21% (cf. CNN) (31 March 2021).

MIDDLE EAST	
Saudi Arabia	As the coronavirus took hold and Saudi Arabia went to economic lockdown in the Spring of 2020, the government announced a raft of measures including a cut back in projects spending as its revenues from oil sales declined sharply. The impact is no better highlighted than in the performance of the projects market. For 2020 as a whole, just US$18.2bn worth of contracts were awarded in total, making last year the worst year in at least a decade. Indeed, only a paltry US$5bn worth of deals were let in the second six months of the year as the economy drew almost to a halt. Nonetheless, the projects market is expected to rebound fairly strongly this year as life returns to normal and the crude price exceeds US$60 a barrel. The government is also talking bullishly by recommitting to its ambitious projects spending plans under its 2030 Vision. It has also doubled downed on its self-styled ‘gigaprojects’ programme which is set to transform the economic landscape in the kingdom. Increased government spending and a growing backlog of projects should combine to see overall project spending to rise to more than US$36bn in 2021 which would be on par with the totals seen in the 2017-19 period. However, the kingdom is still vulnerable to the vagaries of the oil price and investor confidence, and it remains to be seen whether it can successfully push through with its plans in the long run (cf. GlobalData) (February 2021).
AFRICA	
Sub-Saharan Africa	Despite turning out better than expected, growth in 2020 is estimated to be the worst on record, at –1.9%, leading to a large increase in poverty. In 2021, the region’s economy is expected to resume expansion at 3.4%, weaker than the 6% for the rest of the world, amid a continued lack of access to vaccines and limited policy space to support the crisis response and recovery, according to the IMF (April 2021). Check out the IMF’s latest growth projections for Sub-Saharan Africa by country below and also here.



REGIONAL ECONOMIC OUTLOOK

Latest Growth Projections for Sub-Saharan Africa

(real GDP, annual percentage change)

	2020	2021 (projections)	2022 (projections)
Angola	-4.0	0.4	2.4
Benin	2.0	5.0	6.0
Botswana	-8.3	7.5	5.4
Burkina Faso	0.8	4.3	5.2
Burundi	-1.3	2.8	3.7
Cabo Verde	-14.0	5.8	6.0
Cameroon	-2.8	3.4	4.3
Central African Rep.	-0.0	3.5	5.0
Chad	-0.9	1.8	2.6
Comoros	-0.5	0.0	3.6
Congo, Dem. Rep. of	-0.1	3.8	4.9
Congo, Rep. of	-7.8	0.2	1.0
Côte d'Ivoire	2.3	6.0	6.5
Equatorial Guinea	-5.8	4.0	-5.9
Eritrea	-0.6	2.0	4.9
Eswatini	-3.3	1.4	0.9
Ethiopia	6.1	2.0	8.7
Gabon	-1.8	1.2	2.7
Gambia, The	0.0	6.0	6.5
Ghana	0.9	4.6	6.1
Guinea	5.2	5.6	5.2
Guinea-Bissau	-2.4	3.0	4.0
Kenya	-0.1	7.6	5.7
Lesotho	-4.5	3.5	4.3
Liberia	-3.0	3.6	4.7
Madagascar	-4.2	3.2	5.0
Malawi	0.6	2.2	6.5
Mali	-2.0	4.0	6.0
Mauritius	-15.8	6.6	5.2
Mozambique	-0.5	2.1	4.7
Namibia	-7.2	2.6	3.3
Niger	1.2	6.9	12.8
Nigeria	-1.8	2.5	2.3
Rwanda	-0.2	5.7	6.8
São Tomé & Príncipe	-6.5	3.0	5.0
Senegal	0.8	5.2	6.0
Seychelles	-13.4	1.8	4.3
Sierra Leone	-2.2	3.0	3.6
South Africa	-7.0	3.1	2.0
South Sudan	-6.6	5.3	6.5
Tanzania	1.0	2.7	4.6
Togo	0.7	3.5	4.5
Uganda	-2.1	6.3	5.0
Zambia	-3.5	0.6	1.1
Zimbabwe	-8.0	3.1	4.0

SOURCE: IMF, Regional Economic Outlook for Sub-Saharan Africa, April 2021

Multilateral Development Banks (MDBs) and other international institutions

World Bank

Funding Commitments in 2020

For the first time in a calendar year, World Bank Group funding commitments topped US$100 billion in 2020. Lending and grants from two of the bank's arms — IBRD (International Bank for Reconstruction and Development) and IDA (International Development Association) — hit a combined US$70.5 billion, which marked a 65% increase from 2019 and the biggest percentage and dollar increase ever for the institution.

Vaccines

As of March 31, 2021, the World Bank had committed US$1.6 billion in vaccine financing in 10 countries. The institution plans to deploy US$12 billion for Covid-19 vaccination efforts. The bank recently found that only 30% of countries it surveyed have a plan for how they're going to train the large number of vaccinators that will be needed.

	Debt World Bank President David Malpass has been outspoken about the debt crisis in low- and middle-income countries, which predated the pandemic, but has been exacerbated by it. The G-20 has set up two big debt relief initiatives, but these do not account for the full liquidity crunch — 23 countries fall through the crack between eligibility for debt support and access to cheap capital (cf. DEVEX).

GO TO THE MAP