ASEAN's Covid19 Managing Strategy

National and Regional

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COVID19: Rising Unemployment and poverty

... and may persist for a long term

COVID-19 caused ASEAN (by 18 September 2020):

543,180 Infected

13,265 Deaths

2.4% mortality rate

30 million unemployed

18 million people into poverty

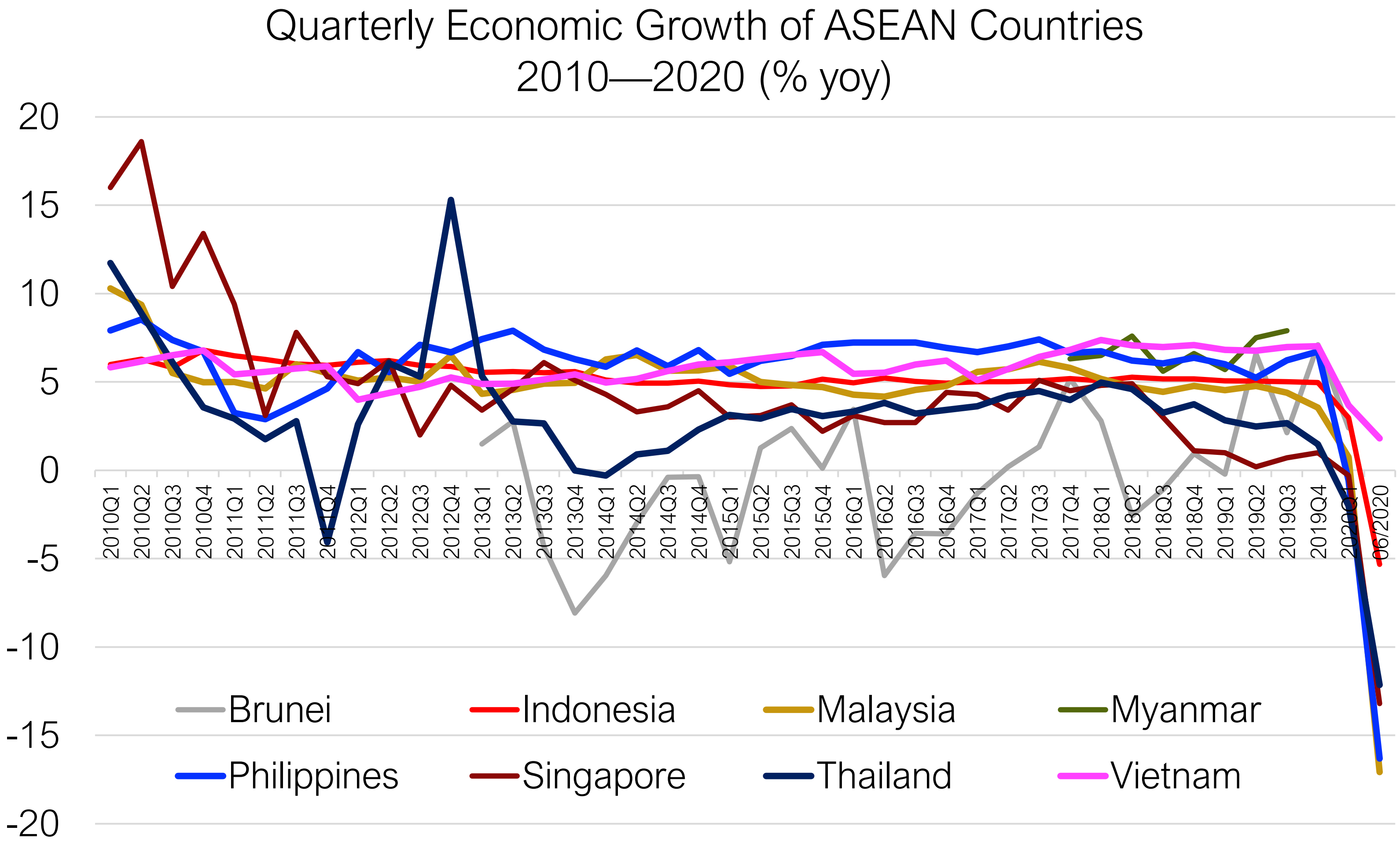
Sources: WHO, Worldometer, John Hopkins CESS [retrieved on 09/17/20]

Note: 1. Poverty rate is estimates based on scenarios of UNESCAP COVID-19 Model Projection

2. Mortality rates are defined as Deaths / Cases (notes: Indonesia 4,12% and Viet Nam 3,32%).

How COVID19 hits ASEAN

The best scenario: ASEAN will be contracted by 2.7% in 2020, grow by 3-4% in 2021

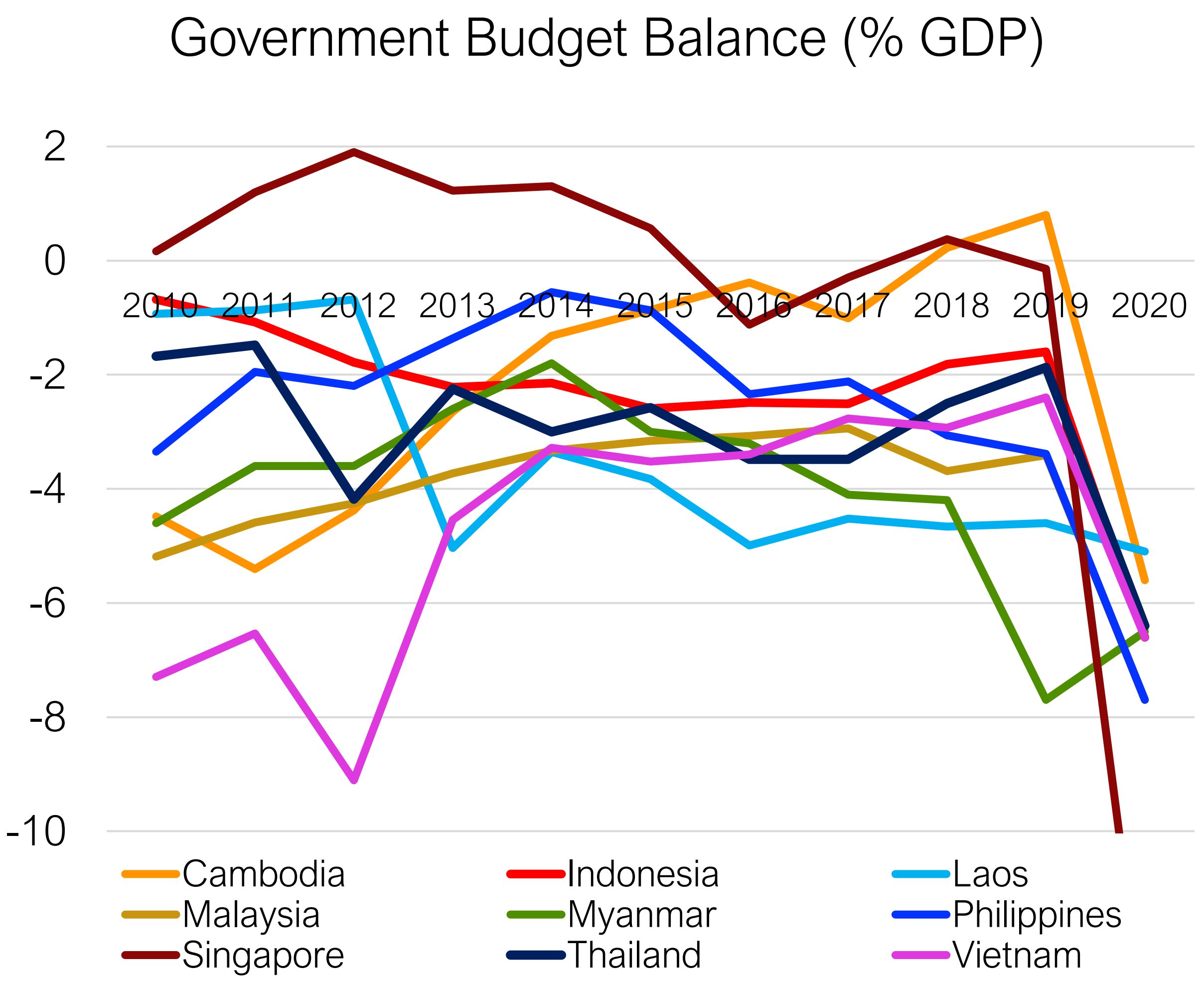


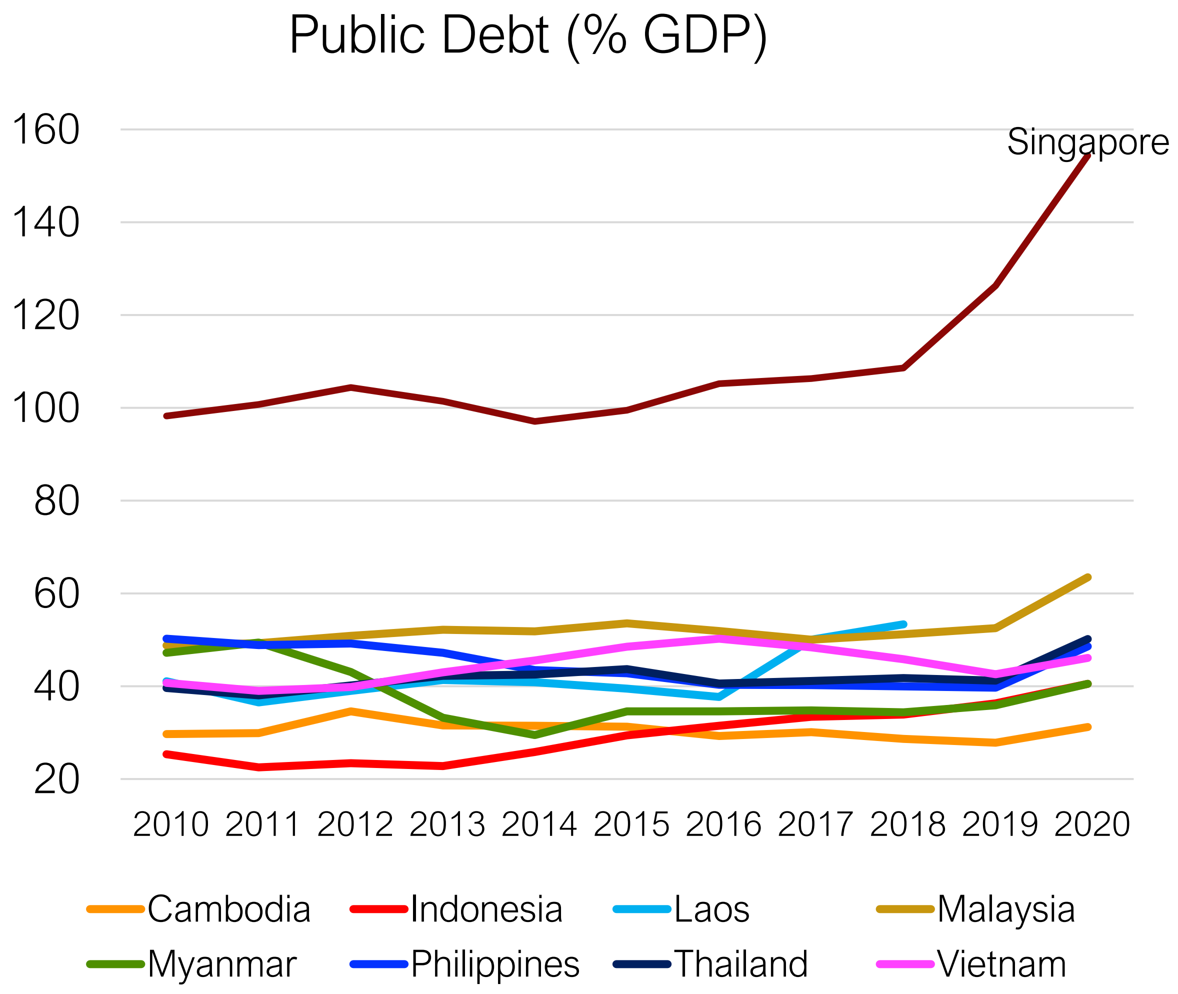
Source: CEIC Database [retrieved on 08/25/20]

1. Lower world's demand will lower ASEAN's exports
2. Dry world capital market will reduce Foreign Direct Investment into ASEAN
3. Sluggish tourism will hit services and many of small and medium enterprises (SMEs).

ASEAN Stable Macroeconomy

supported by low budget deficit and reasonable public debt (% of GDP)





Source: Economist Intelligence Unit [retrieved on 08/28/20]. Data for Brunei on Government budget balance are not publicly available. Singapore's fiscal deficit in 2020 is estimated to be 13.5% of GDP. Brunei's public debt in the last decade ranged from 1-3% of GDP, while Singapore's was 98-154% and 154% in 2020. Data for Laos are EIU forecast.

ASEAN's COVID19 stimulus

low budget deficits give spaces for stimulus

Fiscal Stimulus

USD 207 billion

(6.5% of GDP)

- Health Care
- Social Safety Nets
- Tax Incentives
- Economic Recovery Program

Monetary Stimulus

- Reduce Interest rates
- Lower reserve requirements for banks
- Increase maximum of duration repo auctions
- Ease liquidity
- Buy back government bond directly while fully bearing costs.

Source: Fiscal Stimulus is calculated from COVID19 Economic Stimulus Index (CESI) and the EIU [retrieved on 09/08/20]

National Level

The need to improve the implementation of stimulus

1. Health and Economy are not a trade-off. Prioritize health first!
2. Ensure Covid19 Social Safety Nets work effectively and efficiently, but only temporarily: Right Target of Beneficiaries
3. Allocate Tax Incentives to productive activities (agriculture, industry, and services), not consumption goods
4. Increase disbursement rates of fiscal and monetary stimulus, and assure the programs are '*purely social and not political*'
5. Post Covid19 Strategy:
    - Prioritize Health and Education
    - Trade and Investment Strategy

Regional Level

The need of solid real ASEAN cooperation, not only commitment

1. Prioritize health first! In cooperation with China, Japan, Korea, and Germany to ensure availability of health supply at affordable prices.
2. Ensure ASEAN availability of basic Food supply
3. Streamline export-import and investment procedures and put automatic licencing system on place.
4. Improve capacity in Digital-based-activities (assisting ASEAN countries in need) to ensure the development in education, industry, and public services.