

8 DECENT WORK AND  
ECONOMIC GROWTH



SAP®



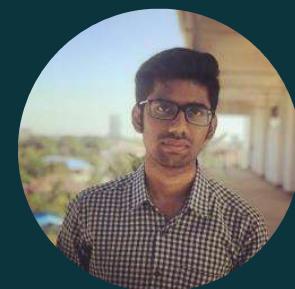
# BUILD BACK BETTER



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## Description of Submission

The coronavirus pandemic is causing large-scale loss of life and severe human suffering globally. It is the largest public health crisis in living memory, which has also generated a major economic crisis, with a halt in production in affected countries, a collapse in consumption and confidence, and stock exchanges responding negatively to heightened uncertainties.

The economic shock of the COVID-19 pandemic inevitably invites comparisons to the global financial crisis of 2008-09. As in 2008-09, governments have again intervened with monetary and fiscal policies to counter the downturn and provide temporary income support to businesses and households. But restrictions on movement and social distancing to slow the spread of the disease mean that labor supply ,working areas and youths (15-24) are today directly affected in ways they were not during the financial crisis. Whole sectors of national economies have been shut down, including hotels, restaurants, non-essential retail trade, tourism and SMEs.

The global economy is expected to head into recession – almost 11 years after the most recent one – as the COVID-19 pandemic continues to shutter businesses and keep people at home. While world-wide the number of COVID-19 continues to increase up to this moment and we are becoming hopeless day by day. So, this submission explores the challenges and opportunities to tackle the uncertainties brought by the crisis and a way to build back our economy prosperously and help eliminate problems in achieving decent work especially for youths during the crisis and for future by guidance of ASEAN Economic Community (AEC) 2025 Blueprint.

# COVID-19's Impact on the Economy



# Economic Crisis through History

In 1997, the Asian Financial crisis gripped much of East Asia & Southeast Asia and raised fears of a worldwide economic meltdown.

In 2007 - 2009, a depreciation in the subprime mortgage market in the United States was followed by a global economic downturn.

Now in 2020, the COVID-19 pandemic has disrupted economic activities and upended lives, tapering growth prospects around the world.

ASEAN & World GDP Growth Rate (2000-2020f)



# ASEAN GDP FORECAST

Initial Forecast GDP Growth Percent, Revised Forecast GDP Growth Percent per Country for Actual

Initial Forecast GDP Growth Percent      Revised Forecast GDP Growth Percent



9 out of 10 ASEAN countries would decrease in GDP Growth due to Covid-19 Pandemic.

Singapore hits the most with -1%.

Cambodia and Malaysia having almost same large gap followed by Philippines, Indonesia, Lao PDR, Myanmar, Vietnam.

The worsening of **economic conditions and the crisis** has **lowered** the forecasts of each country's GDP growth.

We can only expect to see a **sharp slowdown or recession** in all of the ASEAN economies **in 2020**.

# So, where to Focus.....?

## Sectors of Economics

Major sectors of economy which reflect a country's growth rate and its GDP.

## World of Work

The vital role of manpower that fuel the survival of economy.



## Trades in ASEAN

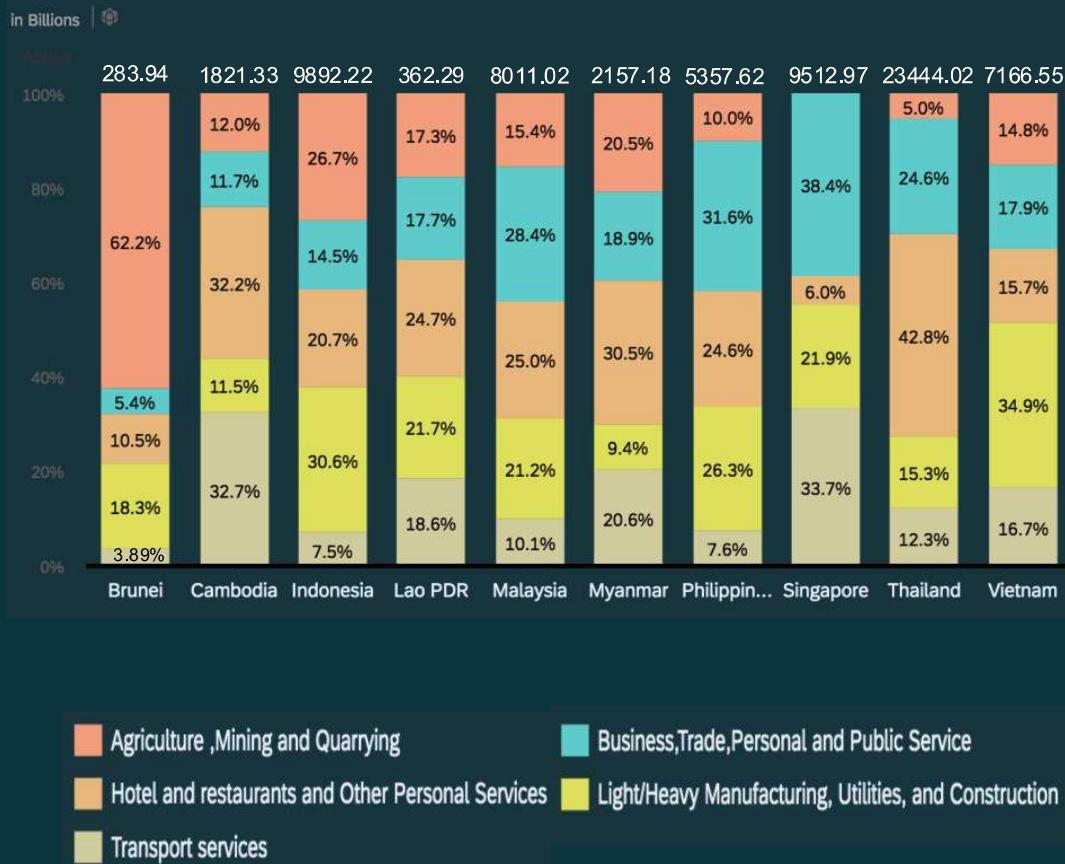
The importance of exports and imports that plays the major contribution in economy.

## Small to Medium Enterprise

Major part of ASEAN's economy and the outcomes on it because of the crisis.

# Issue 1: Expected losses in ASEAN Economy by sectors

Demand shock(losses) per Country, Sector for Actual



Analyze Larger Containment,Larger Demand Shocks(Losses) by Sector.



Sharp drop in domestic demand have large effects on these economies since

**60%** of ASEAN GDP is from consumption

with Singapore being an exception.

Hotel and restaurants and other Personal Services has the highest demand shocks showing 36% from average.

**Thailand** is expected to lose most with \$23444.02M in "Demand Shock" while **Brunei** lose the least with \$283.94M.



# Issue 2: Impact of Trade on Economy (World & Asia)



Nearly all region will suffer

**Double Digit** decline in trade Volumes

with exports from **Asia** hit hardest.



World **Merchandise** trade is set to plummet between

**13% - 23%** In 2020 due to the pandemic.



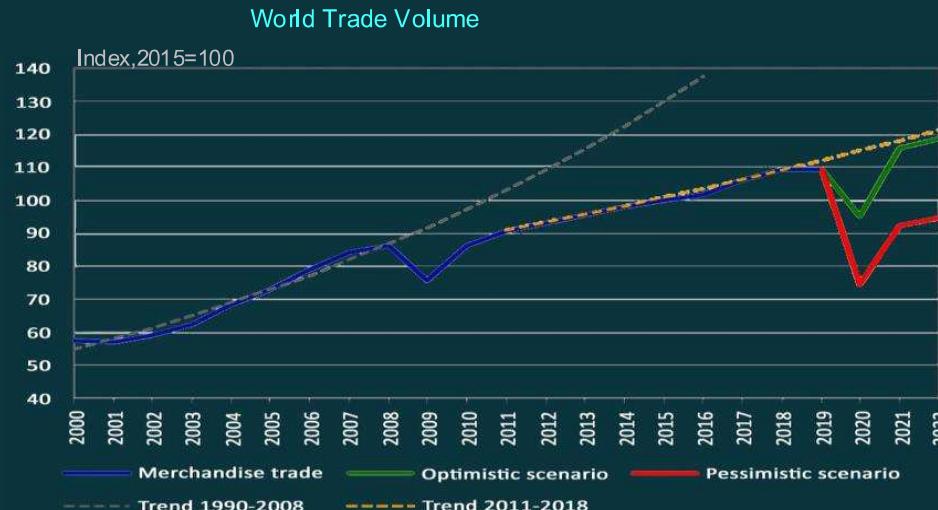
Trade will likely **fall steeper** in sectors with **complex value chains**, particularly electronics and automotive products.



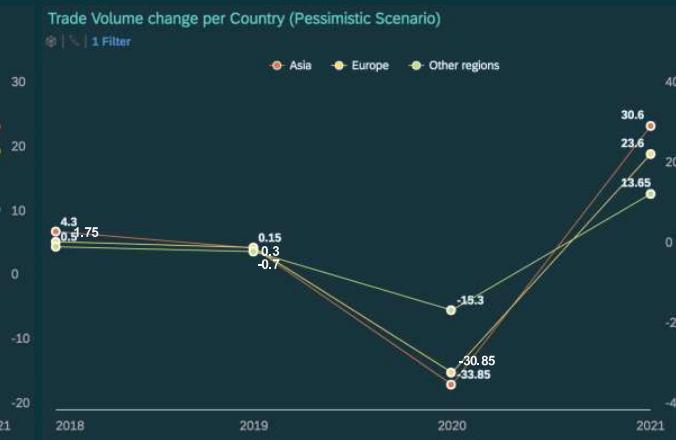
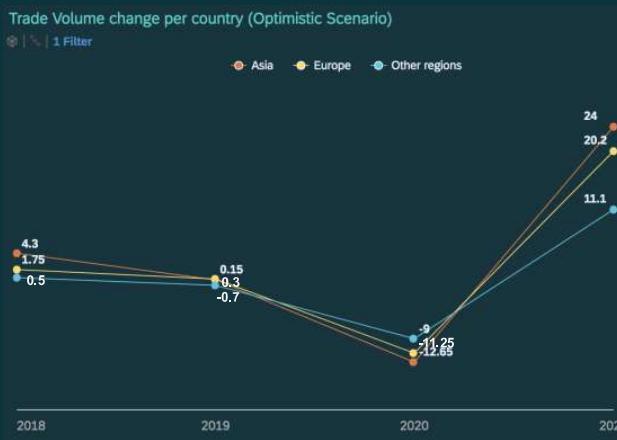
**Services trade** may be **most directly affected** by the pandemic through transport and travel **restrictions**.



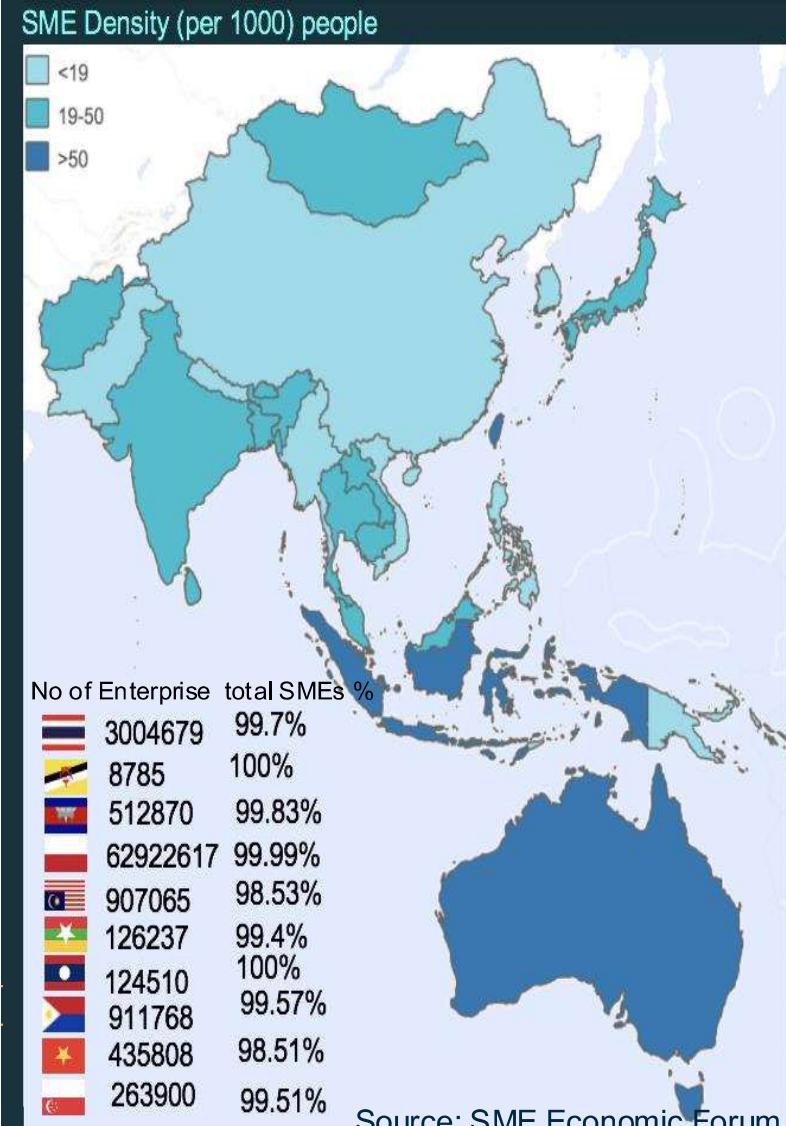
In 2020, **Asia** has a potential to become the **lowest in Trade Volume worldwide** but it is expected to overcome its Trade Volume by becoming **top in 2021**.



Source: WTO Secretariat



# Issue 3: Impact of SMEs on Economy (World & Asia)



SMEs accounts for between **89% - 99%** of total establishments  
and **90%** of total employments

in the **ten ASEAN Member States** (AMSS).

Countries like (Laos ,Indo ,Thai) with **100%** Dependence on SMEs = **more vulnerable** to the impact of crisis.

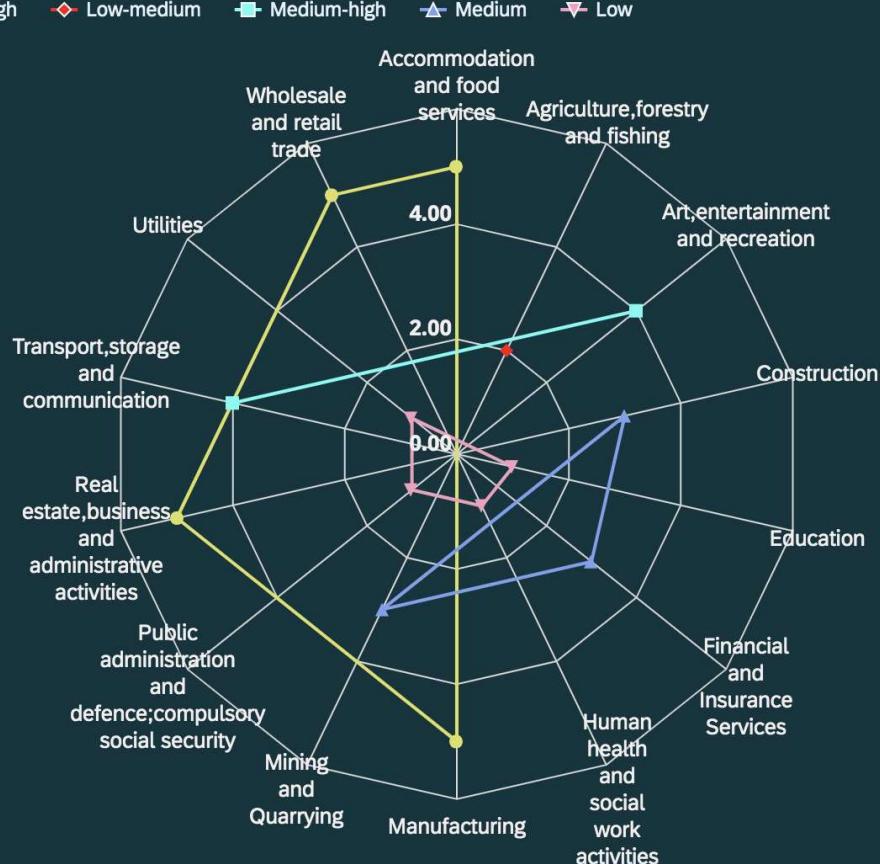
ASEAN SMEs have **less than 2 Months** Cash reserve in **April** whilst **over a third** expected to lay off over **40%** of their staff.



Impact of crisis may result in up to **6% drop** of global GDP  
&  
**50%** of SMEs worldwide are at **risk for bankruptcy** in the short period.

# Issue 4: The Impact of crisis on “World of Work”

Impact of crisis on economic hard-hit sectors based on youth employment



4 in 10 people employed globally are working in hardest-hit sectors.

Around  
**436 M**  
with  
**178 M**

Enterprises in  
hardest-hit sectors  
young workers at  
the beginning  
stage of the crisis.

Young people of about  
**11.8 M**  
working in **Human and Social work activities** has  
**serious risks** of exposure to  
**COVID-19** in workspace.

Before the onset of the crisis  
**57%** of working aged workers  
**= 3.3 B** workers  
were employed **Worldwide**.

Almost  
**3/4** (three-quarters) of young people  
working in the  
**hardest-hit sectors** are  
**Informally employed**.

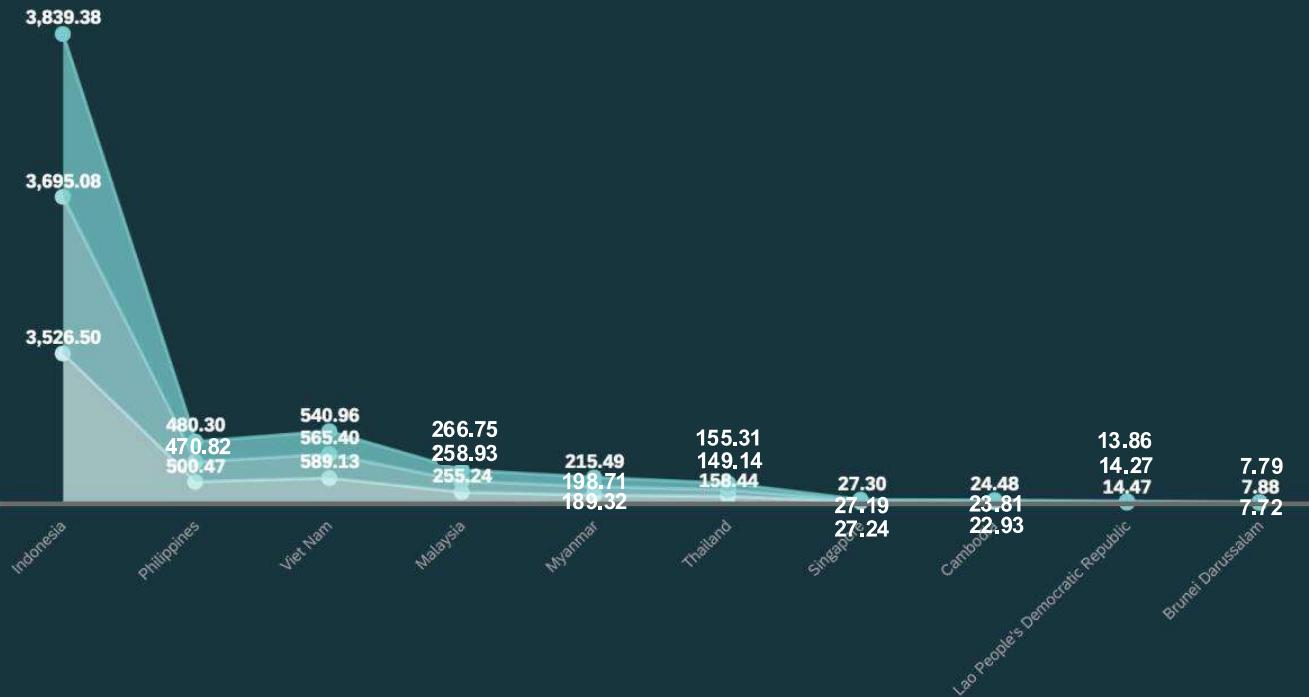
# Issue 4: The Impact of crisis on “World of Work”

Unemployment of ASEAN youth(15-24) in Thousand



2 Filters

2020 2019 2018



1 in 6 young people lost job because of the crisis.



At global level young people aged 15-24 are around

**3X** more likely to be **unemployed** compared with adult aged **25 and above**.



Youth unemployment rate in **Asia and The Pacific** region has risen

**↑14.1%** in 2020 compared to  
**13.7%** in 2012 globally.



On the onset of the crisis, unemployment affected **67.6M** Young women & men

= **13.6%** of **youth labor force**.

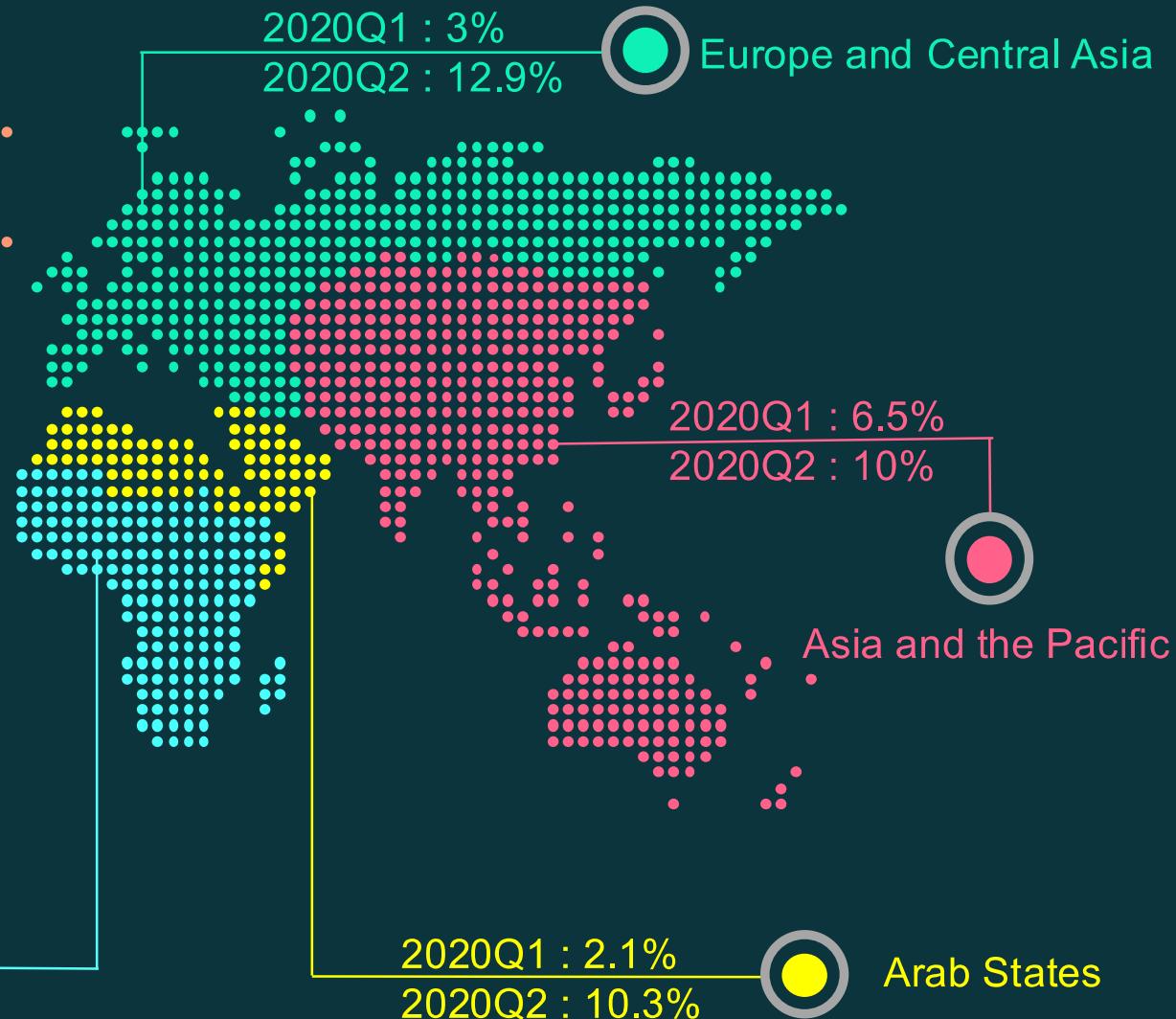
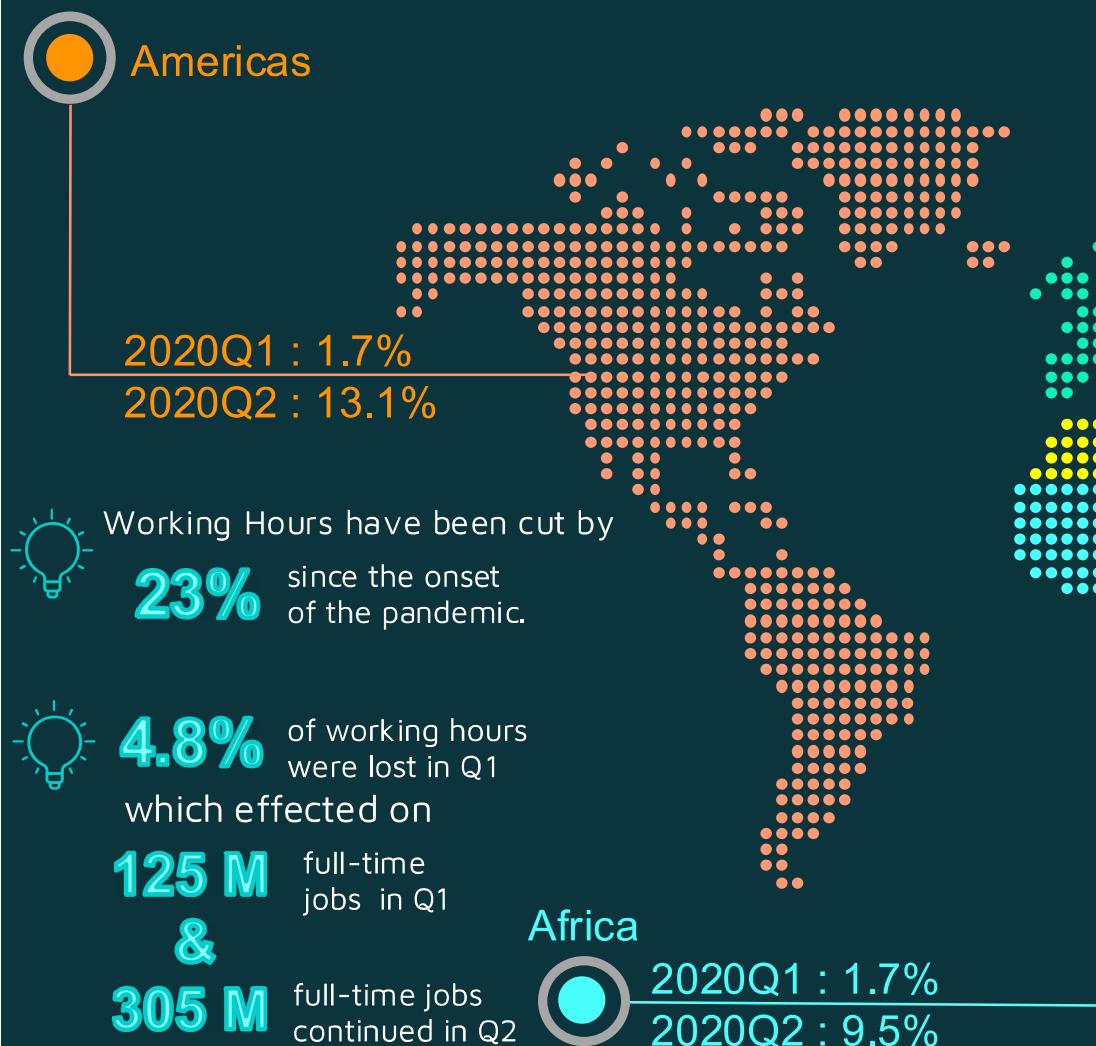


NEET rate in **Asia** is **24.4%** in 2020 compared to global rate of **22.3%**.

Even prior to the pandemic

**267 M** young women & men were **NEET**.

# The Impact of crisis on “Working Hours”



# The hard-hit Sector 'Travel & Tourism'



Travel & Tourism jobs 2019

**330** Million

= 1 in 10 jobs

1 in 4 of all net new jobs were created by Travel & Tourism over the last five years



Travel & Tourism GDP 2019

**10.3%** of global economy

= \$8.9 trillion

3.5% Travel & Tourism GDP growth vs 2.5% real economy GDP growth

## UNPRECEDENTED PROJECTED JOB LOSSES FOR 2020

Travel & Tourism jobs



**100.8**  
Million

Job losses

⬇31%

Travel & Tourism GDP



**2.7**  
Trillion  
USD

⬇30%



Travel & Tourism  
Global economic  
impact of COIVD-19

**5x**

the impact of the  
**2008 Global  
Financial Crisis**



Global unemployment rate

↑**2.9**

percentage  
point

Directly from travel & tourism  
job losses

# Recommendations for recovering demand shocks



Aggregate demand reflect the way of increase and decrease in GDP.



To ensure the essential needs for survival, agriculture and medical sectors must not be restricted.

## Solutions to Increase demand

### Investment

Rise in expected rate of return, drop in interest rates, rise in business confidence

### Net exports

Increase in foreign demand, relative price drop of goods

### Consumption

Decrease in taxes, increase in income, fall in interest rates, desire to save less

### Government

Increase in government spending, decrease in taxes



Our aim is to create a more dynamic and resilient foundation for economic sectors which will be capable of responding and adjusting to emerging challenges throughout current and upcoming pandemics.

# DO and DON'T TRADE POLICY RESPONSES

DO



Do facilitate access to essential goods and supplies.

Do support consumption of essential items and limit negative impacts on the poorest.

Do support exporters to maintain jobs and foreign exchange earnings.

Do contribute to macroeconomic policy efforts to shield economy from COVID related downturn.

Do streamline regulatory and border procedures to facilitate access to COVID-19 related medical goods and essential food products.



SDG Goal 8 : Target 8.A

DON'T



Do not constrain investment & access to essential goods and supplies by imposing export taxes or bans on COVID-19 related medical goods, the materials.

Do not undermine consumption of essential good or constrain job maintaining exports by arbitrarily closing borders to commerce.

Do not impose additional trade restrictions to protect domestic industries that may be adversely affected by falling demand.



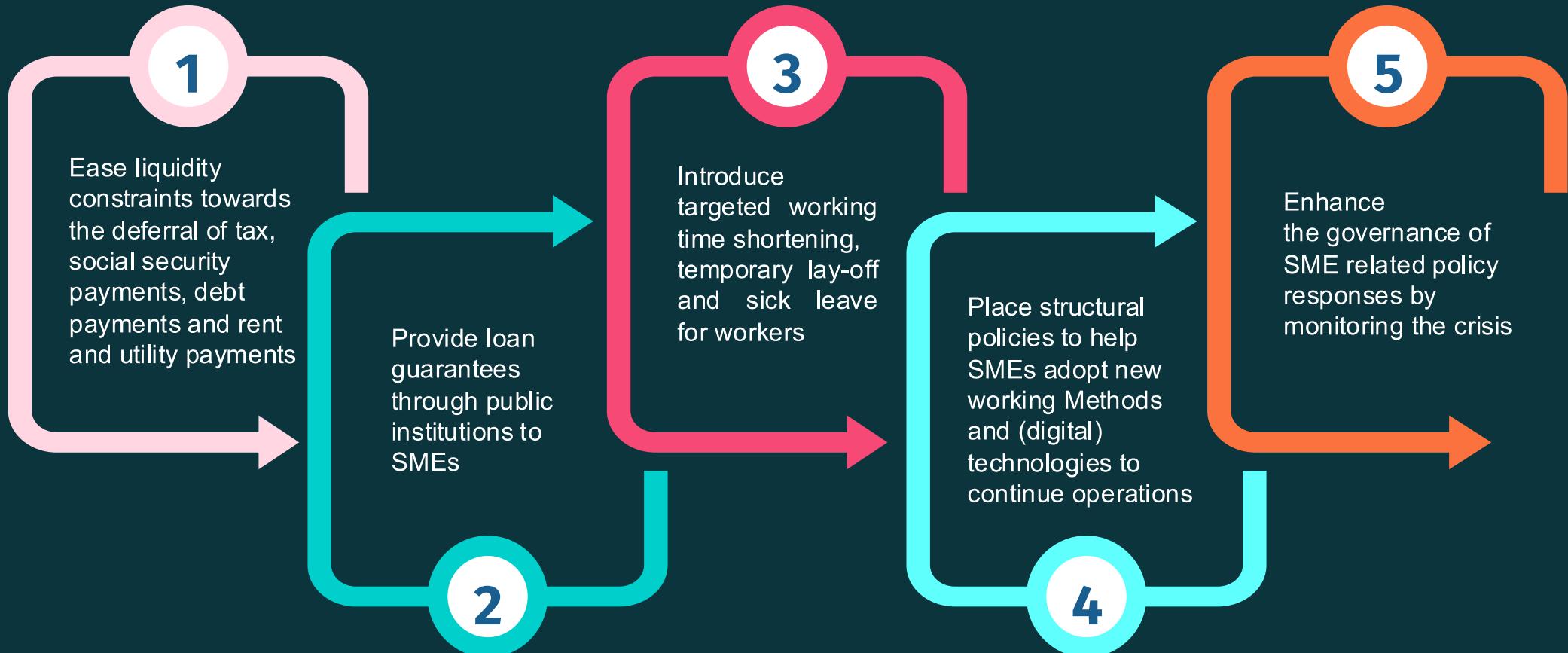
Our aim is to reduce or eliminate regulatory barriers brought by the pandemic which impede economy's trade freedom by disturbing competitive, efficient and seamless movement of goods within and outside the regions.



# Recommendations for SME



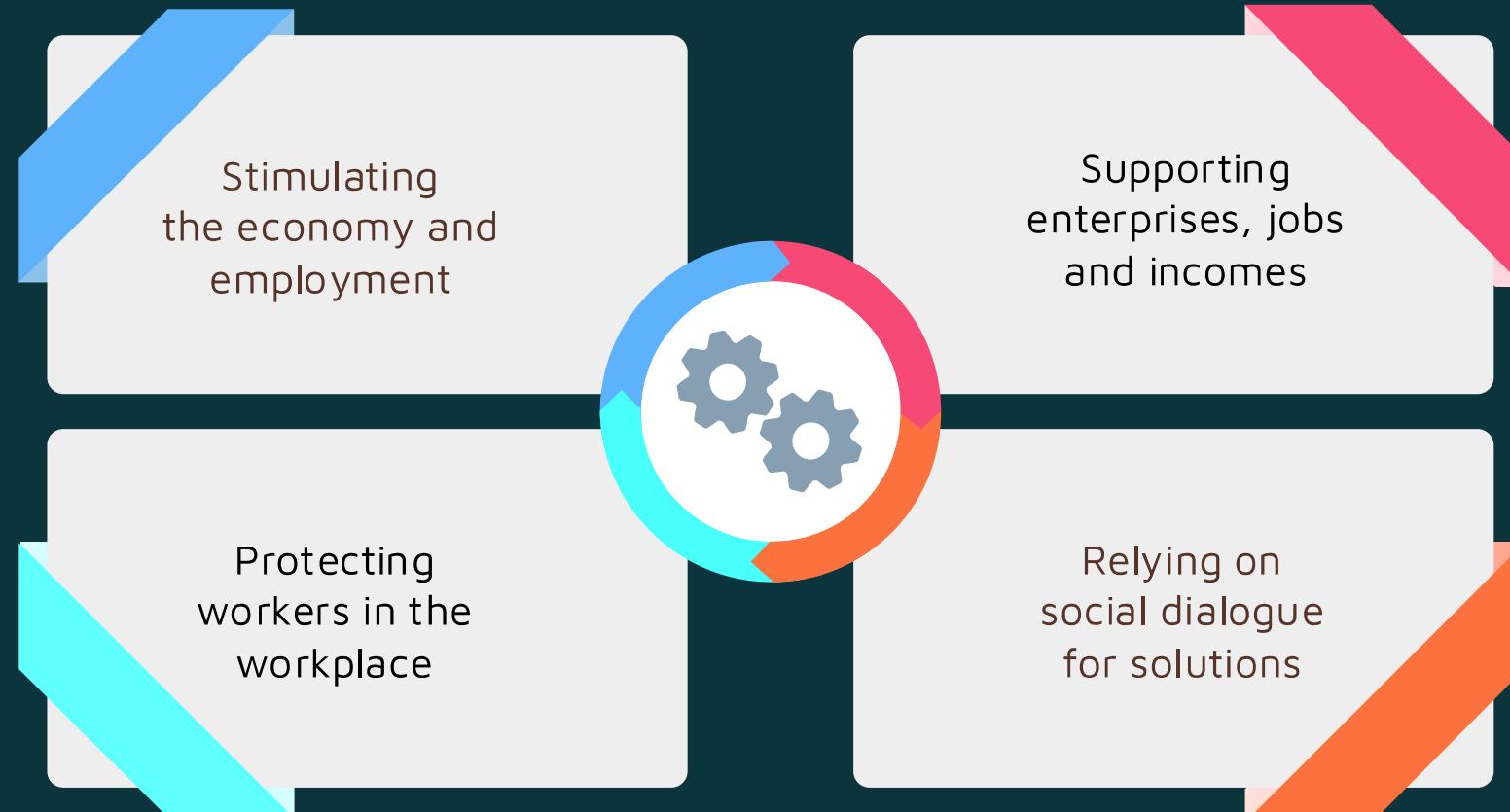
SDG Goal 8 : Target 8.3



Our aim is to have more structured and targeted SME programs which enhance their resilience and to provide technical and financial assistance from governments throughout the pandemic to maintain the GDP growth.

# 4 Pillars Framework for World of work

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# Recommendations for Youth Unemployment & Job losses



## Step 1

Countercyclical fiscal policy to ameliorate youth unemployment

## Step 2

Enhance youth skills , productivity & reduced labor demand

## Step 3

Use economic and employment policies by respective governments.



## Step 7

Ensure government policies do not exclude or marginalize those working in “gig economy” in order to keep the jobs.

## Step 4

Macroeconomic policies to stimulate economy and create jobs quickly.

## Step 5

Wage subsidy programs and work sharing arrangements for youth.

## Step 6

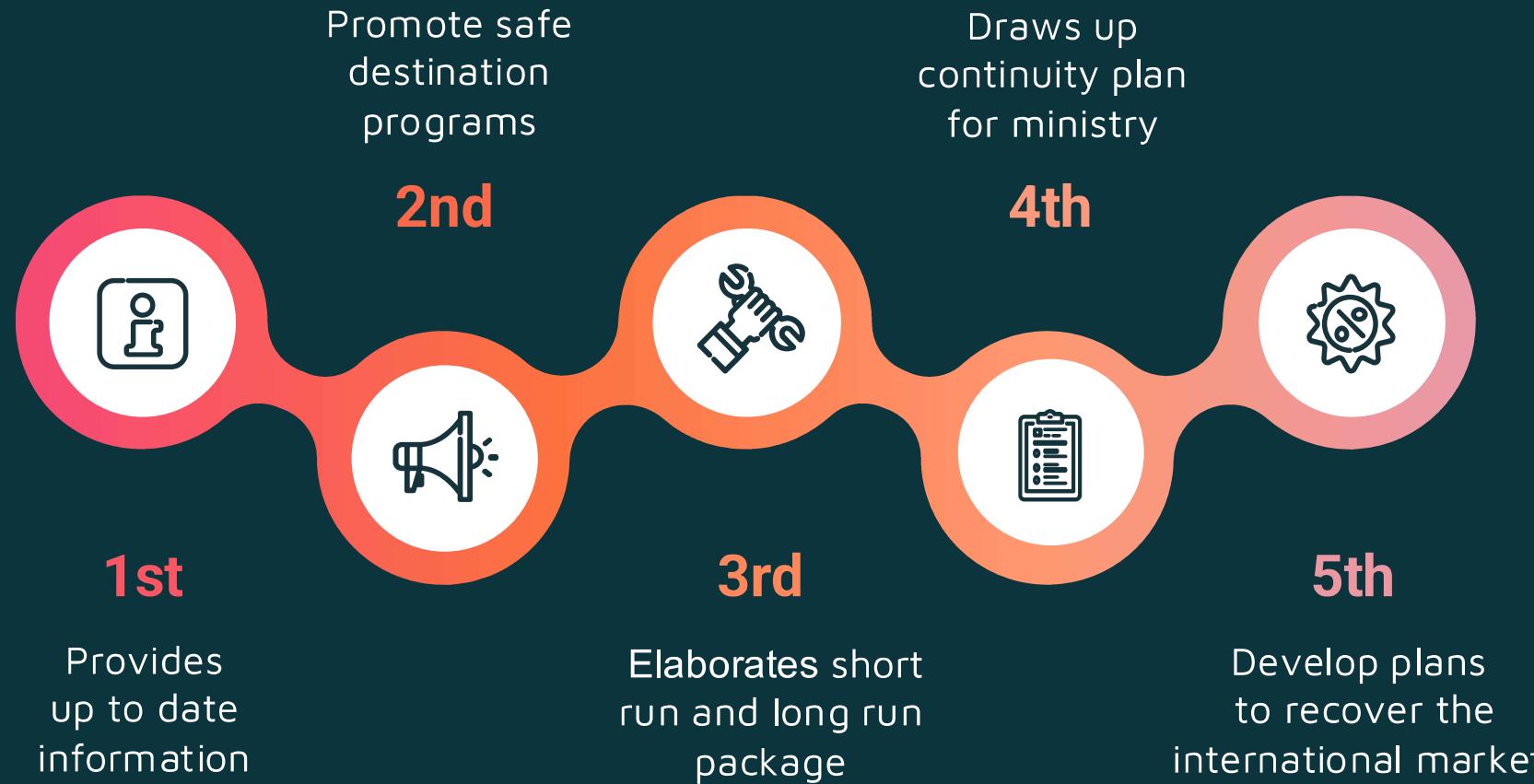
Social protection and health insurance to prevent job losses

Our aim is to eliminate the existing barriers along with the new ones brought by the pandemic for obtaining decent jobs and safe work environments for youths (15 - 24). We believe that youths are the future of our economy as they play the vital role in all aspects.

# Hotel and Tourism Sector Recommendation



SDG Goal 8 : Target 8.9



Our aim is to provide up to date info about safety & security for tourists and to help people working in those communities which are mainly depended on tourisms with finance and special programs from respective governments.

# ASEAN's Future economy

## Is the Future to be Feared?

The Global Economy is entering  
the Fourth Industrial Revolution (4IR)

Build ASEAN Economy better with 4IR  
through Digital Economy

Incremental benefit to  
ASEAN GDP to 2030

↑ ~USD165bn

Estimated growth in ASEAN  
employment in 2030

↑ 2 – 4 %

### Three layers of digital economy

- Foundation digital services (biometric,digital-ID,digital records)
- Creative Content Industry
- Digital payment
- Digital start-ups



Digital services



Data

- Cross-border data flows
- Cybersecurity
- Data-privacy



Infrastructure

- Connectivity
- Digital Education
- Business digitalisation

The vision for ASEAN economy in 2025 is for an economically-integrated, business-friendly, trade facilitative economic region, which encourages innovation.

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