

8 DECENT WORK AND
ECONOMIC GROWTH



ASEAN
DATA SCIENCE
EXPLORERS

BUILD BACK BETTER



UNIVERSITY
of
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Business Information
System (BIS)

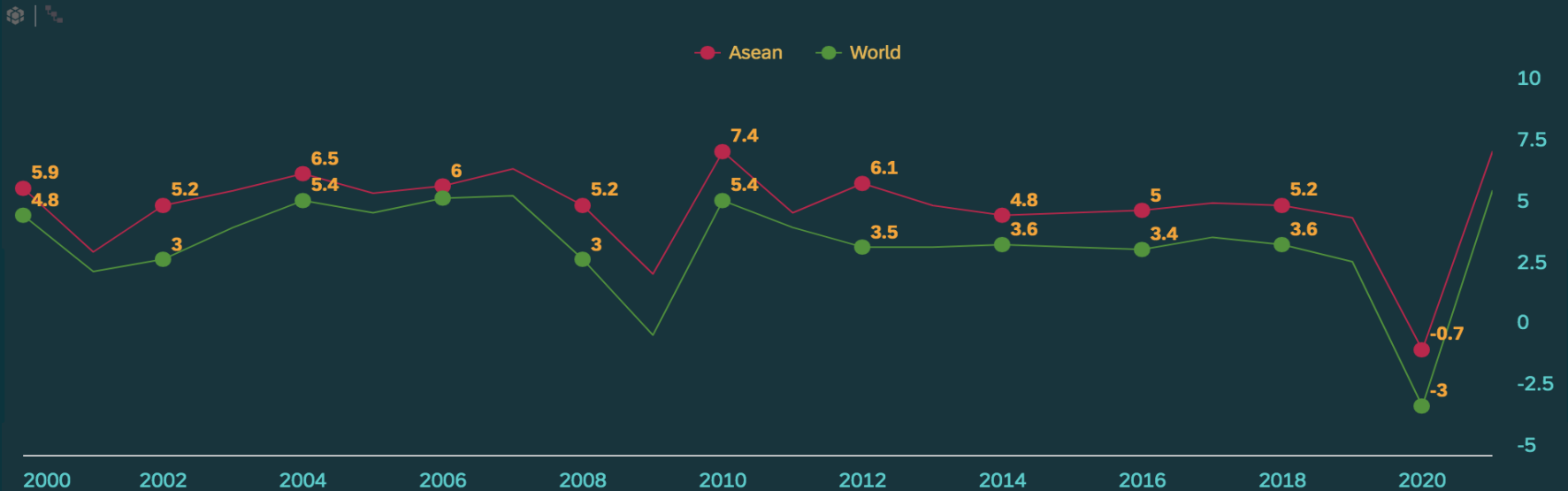
Economic Crisis through History

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)

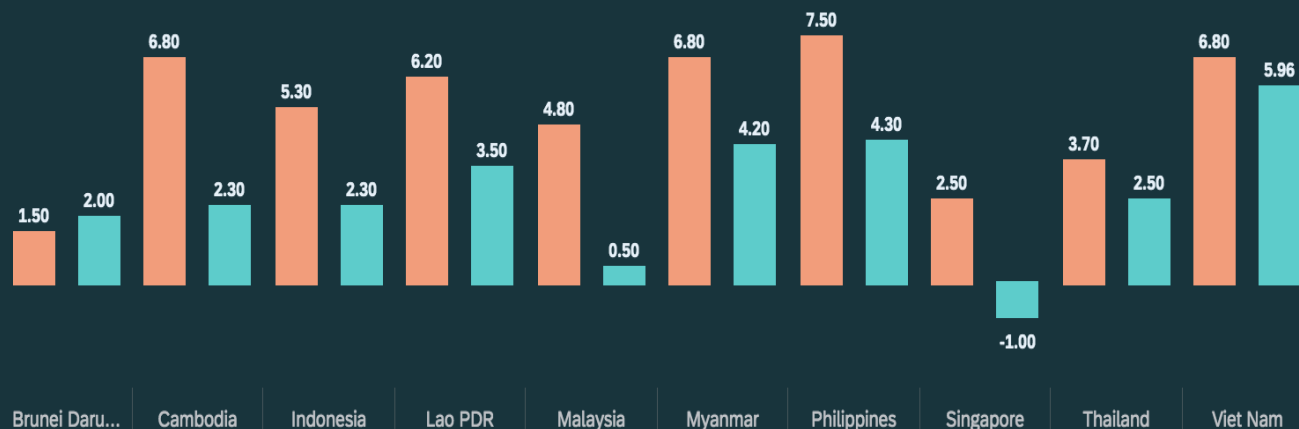


ASEAN GDP FORECAST

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

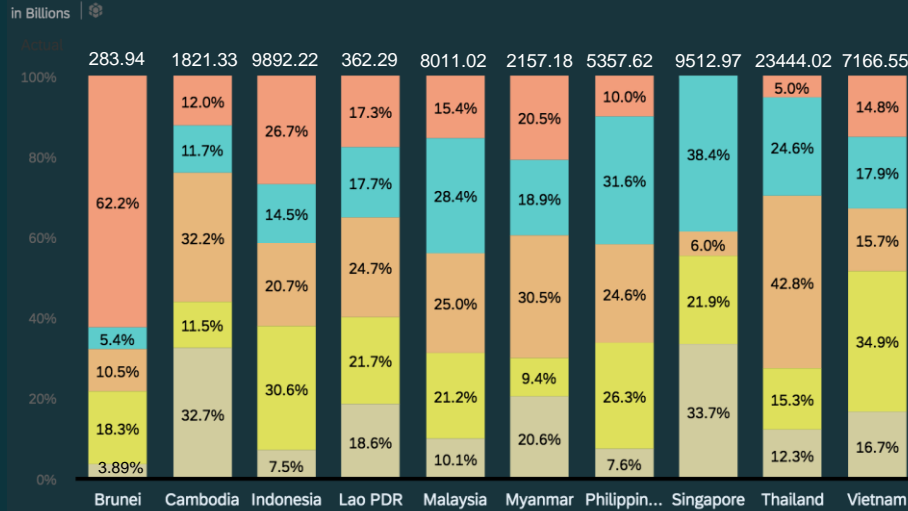
The importance of exports and imports that plays the major contribution in economy.

Small to Medium Enterprise

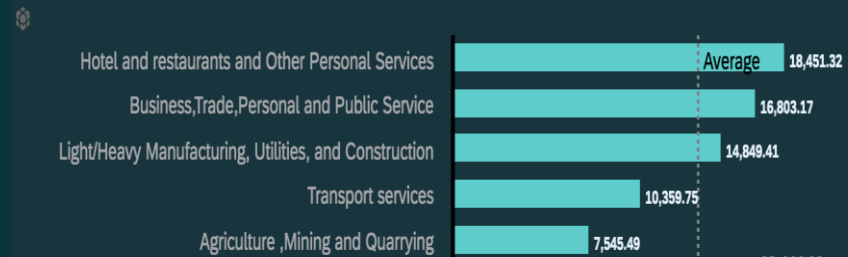
Major part of ASEAN's economy and the outcomes on it because of the crisis.

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.



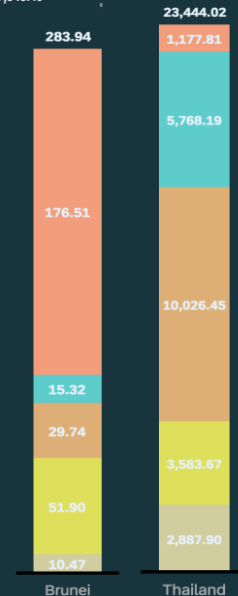
Sharp **drop** in domestic demand have **large** effects on these economies since

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.

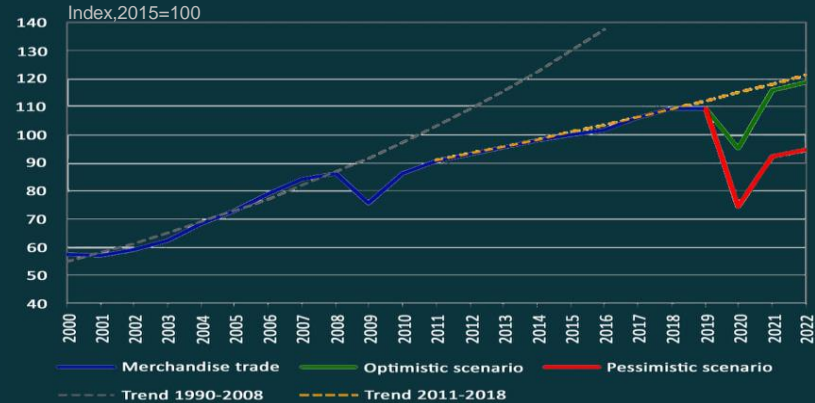


Services trade may be **most directly
affected** by the pandemic through
transport and travel **restrictions**.



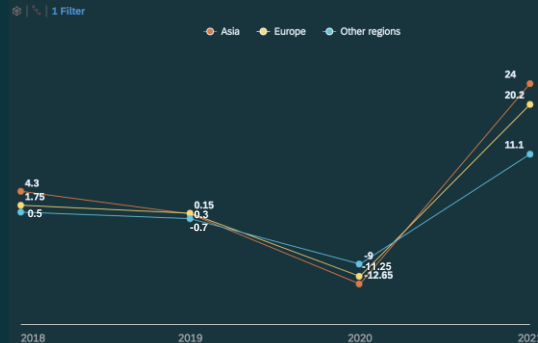
In 2020, **Asia** has a potential to become
the **lowest in Trade Volume worldwide**
but it is expected to overcome its Trade
Volume by becoming **top in 2021**.

World Trade Volume

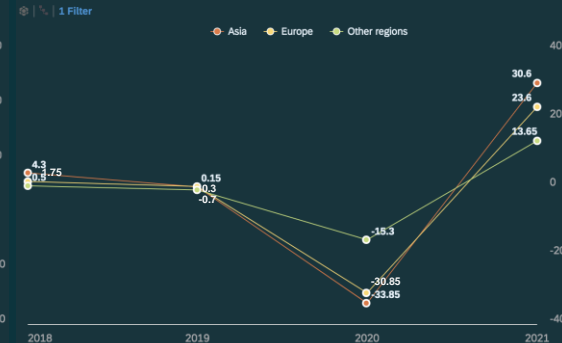


Source: WTO Secretariat

Trade Volume change per country (Optimistic Scenario)

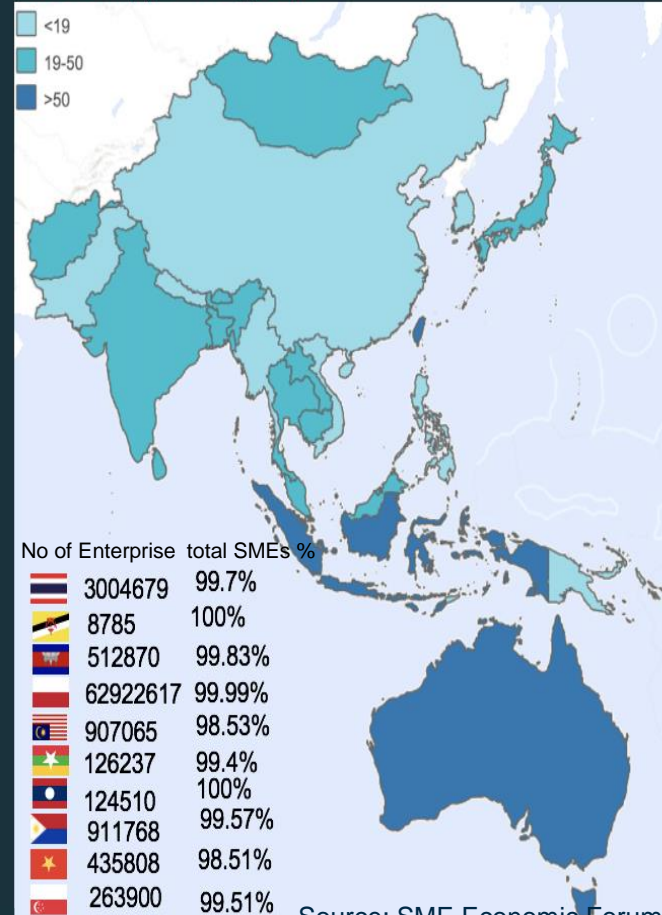


Trade Volume change per country (Pessimistic Scenario)



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

SME Density (per 1000) people



Source: SME Economic Forum



SMEs accounts for between
89% - 99% of total establishments
and
90% of total employments
in the **ten ASEAN Member States** (AMs).



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



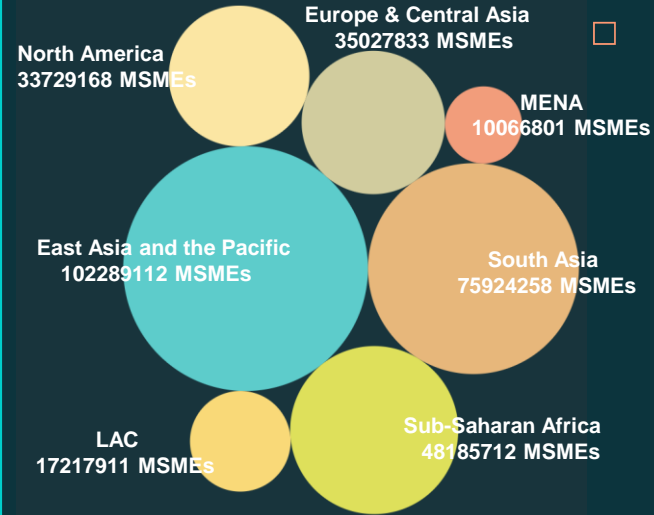
ASEAN SMEs have **less than**
2 Months Cash reserve
in **April** whilst **over a third**
expected to lay off over



40% of their staff.

Total MSMEs per Region (World)

1 Filter



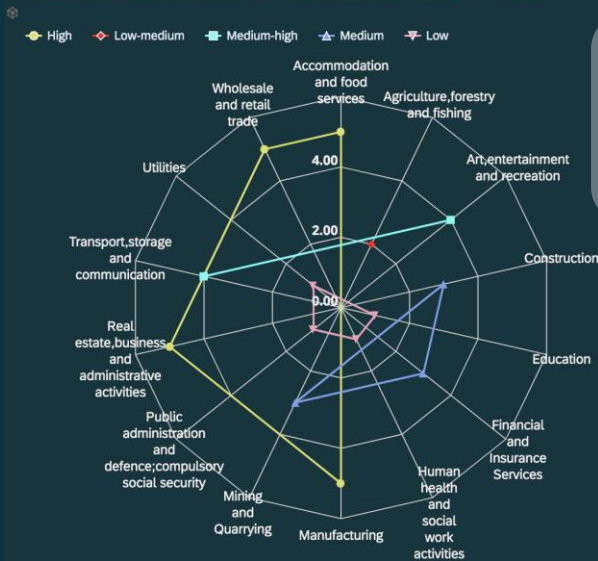
Impact of crisis may result in up to



6% drop of global GDP
and
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.

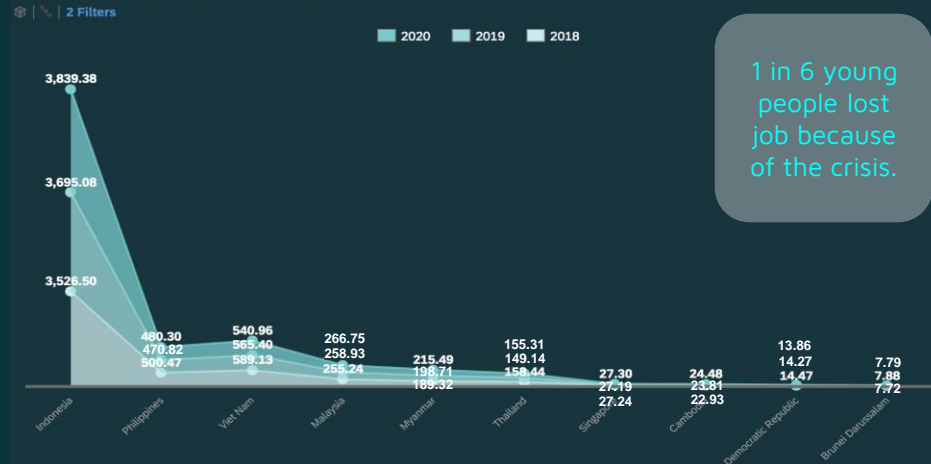
Around **436 M** Enterprises in hardest-hit sectors with **178 M** young workers at the beginning stage of the crisis.

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**.

Unemployment of ASEAN youth(15-24) in Thousand



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 **67.6 M** young women and 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 "Hours of Work"

Americas

2020Q1 : 1.7%
2020Q2 : 13.1%

2020Q1 : 3%

2020Q2 : 12.9%

Europe and Central Asia

2020Q1 : 6.5%

2020Q2 : 10%

Asia and the Pacific

2020Q1 : 2.1%

2020Q2 : 10.3%

Arab States

Africa

2020Q1 : 1.7%

2020Q2 : 9.5%

Working Hours have been cut by
23% since the onset
of the pandemic.

4.8% of working hours
were lost in Q1
which effected on

125 M full-time
jobs in Q1
&
305 M full-time jobs
continued in Q2

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 COVID-19

5x

the impact of the
2008 Global
Financial Crisis



Global unemployment rate

↑ **2.9** percentage
point

Directly from travel & tourism
job losses

Recommendations

How to recover from demand shock?

Solution to Increase demand

Investment

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



Consumption

Decrease in taxes, increase in income, fall in interest rates, desire to save less, rise in wealth, rise in future expected income

Net exports

Increase in foreign demand, relative price drop of goods

Government

Increase in government spending, decrease in taxes



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

Fact to be focused!

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

DO and DON'T TRADE POLICY RESPONSES

SDG Goal 8 : Target 8.A



- 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.



- 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.

Recommendations for SME

1

Introduced targeted working time shortening, temporary lay-off and sick leave for workers.

2

Provide loan guarantees through public institutions to SMEs.

3

Ease liquidity constraints towards the deferral of tax, social security payments, debt payments and rent and utility payments

4

Place structural policies to help SMEs adopt new working Methods and (digital) technologies to continue operations.

5

Enhance the governance of SME related policy responses by monitoring the crisis.

Recommendations for Youth Unemployment & Job losses

1

Countercyclical fiscal policy to ameliorate youth unemployment.

2

Enhance youth skills, productivity & reduced labor demand.

3

Use economic and employment policies by respective governments.

4

Macroeconomic policies to stimulate economy and create jobs quickly.

5

Wage subsidy programs and work sharing arrangements for youth.

6

Social protection and health insurance to prevent temporary job losses.

7

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

4 Pillars Framework for World of work

Stimulating the economy and employment

Supporting enterprises, jobs and incomes

Protecting workers in the workplace

Relying on social dialogue for solutions

Hotel and Tourism Sector Recommendation



Provides up to date information



Draws up continuity plan for ministry



Elaborates short run and long run package



Promote safe destination programs



Develop plans to recover the international market

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

Digital services

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

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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