Press Conference: COVID-19 Economic Impacts UNCTAD

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Shotlist

2. Wide shot: Press room III, journalist, podium speakers, UN logo.
3. SOUNDBYTE (EN) — Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, UNCTAD: “We envisage a slowdown in the global economy to under two per cent for this year, and that will probably cost in the order of $1 trillion, compared with what people were forecasting back in September. The IMF, for example, were forecasting a rate of 2.7 per cent. They have since downgraded their forecast as have other international institutions, including the OECD and others.”
5. SOUNDBYTE (EN) — Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, UNCTAD: “In a kind of Domesday scenario where the world economy grows at only 0.5 per cent, this year you’re talking about a $2 trillion hit to the global economy.”
6. Medium shot: journalists, TV camera operators.
7. SOUNDBYTE (EN) — Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, UNCTAD: “Governments need to spend at this point in time to prevent the kind of meltdown that could be even more damaging than the one that is likely to take place over the course of the year.”
8. Medium shot: journalist checking mobile phone, another journalist in rear of shot.
9. SOUNDBITE (EN) — Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, UNCTAD: “Will the Chinese Government introduce significant expansionary measures in response to this crisis? Almost certainly it will, yeah, it will almost certainly do that. Will the U.S. Government in an election year, which is where we are with the US Government, also need to respond in a way other than simply cutting taxes and reducing interest rates? I suspect it will do.”

10. Close-up: journalist looking at speaker, holds pen, hand rests on chin, TV cameras to rear.

11. SOUNDBITE (EN) — Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, UNCTAD: “The European economy, which was performing extremely badly towards the end of 2019, is almost certain to go into recession over the coming months; and the Germany economy is particularly fragile, but the Italian economy and other parts of the European periphery are also facing very serious stresses right now as a consequence of trends over last days.”

12. Medium shot: podium speaker framed between journalists, speaking.

13. SOUNDBITE (EN) — Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, UNCTAD: “In the Latin American region, which is also a vulnerable region, we’ve been looking at an economy like Argentina, that has been contracting as a consequence of its difficulties with servicing its debt. That’s an economy that again will be struggling as a consequence of the knock-on effects of this crisis. But there are other parts of the Latin American region that will also be facing very serious difficulties.”


15. SOUNDBITE (EN) — Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, UNCTAD: “Heavily-indebted developing countries, particularly commodity exporters, face a particular threat; the strengthened – the likelihood of a stronger dollar as investors seek safe-havens for their money, and the almost certain rise in commodity prices as the global economy slows down, means that commodity exporters are particularly vulnerable.”


17. SOUNDBITE (EN) — Richard Kozul-Wright, Director, Division on Globalization and Development Strategies, UNCTAD: “The collapse of oil prices has been a contributing factor to that growing sense of unease and panic, and so it’s very difficult obviously to predict the course of markets. What they do suggest is a world that is extremely anxious, there’s a degree of anxiety now that’s well beyond the health scares which are very serious and concerning, but the economic ramifications of this are obviously causing a major concern.”

18. Close-up: podium speakers, UN logo, profile.

19. Close-up: left-handed person writing notes on notepad.

20. Medium shot: podium speaker in front of UN logo, photographer taking photograph, kneeling.
COVID-19: likely to cost $1 trillion in 2020, says UN economist, calls for confidence-building measures

Apart from the tragic human consequences of the COVID-19 coronavirus epidemic, the economic uncertainty it has sparked will likely cost the global economy $1 trillion in 2020, the UN’s trade and development agency said on Monday.

“We envisage a slowdown in the global economy to under two per cent for this year, and that will probably cost in the order of $1 trillion, compared with what people were forecasting back in September,” said Richard Kozul-Wright, Director, Division on Globalization and Development Strategies at the UN Conference on Trade and Development (UNCTAD).

He added: “The IMF (International Monetary Fund), for example, were forecasting a rate of 2.7 per cent. They have since downgraded their forecast as have other international institutions, including the OECD (Organisation for Economic Co-operation and Development) and others.”

Launching the UNCTAD report as world financial markets tumbled over concerns about supply-chain interruptions from China and oil price uncertainty among major producers, Mr. Kozul-Wright warned that few countries were likely to be left unscathed by the outbreak’s financial ramifications.

One “Domesday scenario” in which the world economy grew at only 0.5 per cent would involve “a $2 trillion hit” to gross domestic product,” he said, adding that collapsing oil prices had been “a contributing factor to that growing sense of unease and panic”.

While it was difficult to predict how the international financial markets will react to COVID-19’s impacts “what they do suggest is a world that is extremely anxious”, he said.

“There’s a degree of anxiety now that’s well beyond the health scares which are very serious and concerning, but the economic ramifications of this are obviously causing a major concern.”

To counter these fears, “Governments need to spend at this point in time to prevent the kind of meltdown that could be even more damaging than the one that is likely to take place over the course of the year”, Mr. Kozul-Wright insisted.

Asked about how different countries might react to the crisis including China – where the virus first emerged in December – and the United States, the senior UN economist said that the Chinese Government would likely introduce significant “expansionary measures” – shorthand for increasing spending or tax cuts.

“It will almost certainly do that,” he said. “Will the U.S. Government in an election year, which is where we are with the US Government, also need to respond in a way other than simply cutting taxes and reducing interest rates? I suspect it will do.”

Turning to Europe, Mr. Kozul-Wright noted that its economy had already been performing “extremely badly towards the end of 2019”.

It was “almost certain to go into recession over the coming months; and the Germany economy is particularly fragile, but the Italian economy and other parts of the European periphery are also facing very serious stresses right now as a consequence of trends over last days.”

Describing many parts of the Latin American region as similarly vulnerable, he added that Argentina in particular “will be struggling as a consequence of the knock-on effects of this crisis”.

Story
So-called Least Developed Countries whose economies are driven by the sale of raw materials will not be spared either.

“Heavily-indebted developing countries, particularly commodity exporters, face a particular threat,” thanks to weaker export returns linked to a stronger dollar Mr. Kozul-Wright maintained. “The likelihood of a stronger dollar as investors seek safe-havens for their money, and the almost certain rise in commodity prices as the global economy slows down, means that commodity exporters are particularly vulnerable.”

“Ultimately,” Mr. Kozul-Wright added, “a series of dedicated policy responses and institutional reforms are needed to prevent a localized health scare in a food market in Central China from turning into a global economic meltdown.”