

**BIPR Webinar: Short- and Long-term Consequences of the Covid-19  
Pandemic for Southeast Asia**

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The Bologna Institute for Policy Research (BIPR) hosted a webinar on the economic impact of COVID-19 on the Association of Southeast Asian Nations (ASEAN). It is important to highlight ASEAN in the crisis, particularly since this region of 650 million people often receives less attention than its Northeast Asia neighbors such as China. Dr. Plummer argues that in the post-COVID economy, future international cooperation will be essential in addressing the uncertainties exacerbated by the pandemic.

The short-term economic implications for Southeast Asia paint a relatively favorable picture. Regional GDP is predicted to rise by 1% in 2020. While this is about a five percentage-point decrease from 2019, it is high compared to many other areas. For example, the IMF forecasts that growth in the Euro area will contract by 7.5% and in Italy by 9.1%. Moreover, Southeast Asia is expected to recover in 2021 with an expected GDP growth rate of 4.7%. In fact, only Thailand is expected to fall into a recession in 2020, due in part to its reliance on tourism. Therefore, the negative short-term shock is predicted to be only temporary and the negative consequences subdued compared to other economies.

Yet, uncertainties related to the performance of the global economy because of COVID-19 are particularly problematic for ASEAN. ASEAN is uniquely vulnerable because its trade to GDP ratio is around 100%. Compared to 47% in Latin America and 54% in South Saharan Africa, this indicates a higher reliance on trade than other developing countries and, hence, greater exposure to the vicissitudes of the global economy. Given the rise in protectionism prior to COVID-19—including the US-China trade war and the impasse at the WTO—the negative effect on trade due to the pandemic could darken economic prospects for this open region. In fact, while the reduction in trade growth due to the income shock of COVID-19 and immediate protectionist responses such as export restrictions on PPE-related goods are problematic, Dr. Plummer argues that it is merely expediting an inward-looking trend in the global economy that was already in motion. “Economic distancing”, as referred to by Dr. Plummer, is likely to remain the major challenge that ASEAN will face in the post COVID-19 economy. Two existing issues include: First, the lack of leadership from the United States has inhibited large-scale multilateral cooperation under the World Trade Organisation (WTO). The United States was once the chief protagonist of a liberal global trade order, and its inward-looking turn and ostensible distrust of multilateral institutions have led to an impasse. Slow reform of existing

Chinese restrictions on trade and investment, from “forced” technology transfer to the protection of trade secrets, is not helping matters. Second, the US-China trade war, which in the short-run might benefit some ASEAN economies, has disrupted supply chains of which they are a part and created uncertainties that are affecting negatively investment. Moreover, ASEAN may be forced to “choose sides” between the United States and China, and a divided Pacific is the last thing the region wants.

Dr. Plummer concludes by underscoring that closer regional economic cooperation can go a long way to rectify these problems: cooperation can overcome conflict.

A recording of the seminar can be watched [here](#)