

WED, MAY 13, 2020

China seals off cities to contain coronavirus outbreak, IMF says global economy deteriorates

Coronavirus Alert by Atlantic Council

Coronavirus



CORONAVIRUS ALERT 05/13/2020

The Atlantic Council's Coronavirus Alert is a regular summary of policy, economic, and business events around the emergency. To stay updated, [sign up to the Coronavirus Alert here](#).

In top stories today:

- China sealed off three cities in a region close to North Korea following an outbreak of coronavirus. The International Monetary Fund (IMF) said the global economy continues to deteriorate because of the pandemic, while the UK finance minister said the country's in the midst of a deep recession.
- **The statistics say...** there are now **approaching 4.3 million cases worldwide** in 188 countries and territories; more than 290,000 people have died.
- **QUOTE:** "We have to support people's jobs, their incomes, livelihoods at this time, and support businesses so we can get through this period of severe disruption and emerge stronger on the other side," said UK finance minister Rishi Sunak, **Reuters** reported.
- China sealed off three cities near North Korea following a cluster of twenty-two cases there, **Bloomberg** reported. Rail and bus services were halted in Jilin City and recently reopened schools closed again, the newswire added. There's no confirmed link between those cases and

North Korea but there are concerns the outbreak in the isolated nation is spilling over to China, Bloomberg added.

- The global economic outlook continues to deteriorate because of the coronavirus outbreak, the IMF said after it forecast last month the worst performance since the 1930s, the **Financial Times** reported. The fund will revise its forecasts downwards next month, Managing Director Kristalina Georgieva said on May 12, the newspaper reported.
- The lockdown took its toll on the UK economy, which declined at its sharpest monthly rate on record in March, **CNBC** reported. The drop of 5.8 percent tips the first quarter to a contraction of 2 percent, CNBC reported. The United Kingdom is now in the midst of a significant recession, finance minister Rishi Sunak said after the release of those figures, **Reuters** reported.
- France faces five thousand coronavirus deaths and 150,000 new cases of the disease this month as the country starts to reopen its economy, **Bloomberg** reported, citing a report by business school INSEAD. Bringing daily infections to just one hundred would have meant prolonging the country's lockdown by three months, according to INSEAD researchers' statistical model, the newswire added.

INDIA STIMULUS

- India set out a 20 trillion-rupee (\$264 billion) stimulus plan to help farmers and small businesses affected by the coronavirus outbreak, the **BBC** reported. India, which has seventy thousand cases of the disease among its 1.3 billion population, is expected to surpass China's numbers within a week, the BBC added. Prime Minister Narendra Modi wants to woo manufacturing investment from the United States, Japan, and elsewhere as India seeks to cash in on China's damaged reputation, the **Financial Times** said.
- **READ MORE:** "As India considers its next steps in Afghanistan, it may well conclude that it can no longer remain a mere spectator in Afghan peace efforts and begin to make certain policy adjustments," **writes the Atlantic Council's Javid Ahmad**.
- Chinese diplomacy, once discreet and enigmatic, is now marked by a vocal cadre of diplomats who take to social media with a sometimes "eye-blinking frankness," the **BBC** also reported. The diplomats aim to defend how Beijing has handled the coronavirus outbreak and challenge those who question China's version of events, the BBC added.
- "China strives to make widespread virus testing the new normal," **Reuters** said. Beijing is quickly expanding the availability and affordability of coronavirus tests, enabling the population at large to be tested, the newswire reported. Tests can be hard to come by in many countries, but according to China's industry ministry last month, the country can produce five million test kits a day, Reuters added.

"ELUSIVE" PROTECTION

- "As Europe reopens, key virus protections are still elusive" runs an **Associated Press** headline. In its second week of loosened restrictions, Italy has none of its promised measures in place, from affordable masks in pharmacies to a pilot program of antibody tests, the news agency said. Italy, not alone in facing these hurdles, illustrates the challenges countries contend with as they try to balance health and economic concerns, the Associated Press reported, citing examples from France, the United Kingdom, Spain, and Germany.
- Gilead signed non-exclusive deals with five generic pharmaceutical makers in India and Pakistan to expand the supply of remdesivir, the drug with the potential to treat coronavirus, the **Financial Times**

reported. Researchers are looking at possible combinations with other drugs to make remdesivir more potent, [The Wall Street Journal](#) reported, citing Informa Pharma Intelligence.

- A.P. Moller-Maersk, the world’s biggest container shipper, warned of a 25 percent drop in shipping volumes this quarter as coronavirus lockdowns worldwide disrupt international trade, [Bloomberg](#) reported. The World Trade Organization said last month that the outbreak could lead to the biggest collapse in international trade flows since World War II, the newswire added.
- GOP senators gave the cold shoulder to a plan for three trillion dollars in additional coronavirus aid unveiled by House Speaker Nancy Pelosi on May 12, with Senate Majority Leader Mitch McConnell saying there’s no “urgency,” the [Associated Press](#) reported. Legislators could vote on the proposed measures—including “hazard” pay for essential workers, one trillion dollars for states and cities, and more cash payments to individuals—as soon as May 15, the Associated Press said.

TOURISM, SAFETY

- The European Commission, the European Union’s (EU) executive body, will propose a gradual reopening of borders to allow a summer travel season, the [BBC](#) reported, citing economic affairs commissioner Paolo Gentiloni. Germany and Austria are the latest EU members to agree to reopen borders, the BBC said.
- **QUOTE:** “Our message is we will have a tourist season this summer, even if it’s with security measures and limitations,” said economic affairs commissioner Paolo Gentiloni, the [BBC](#) reported.
- Tui, the world’s biggest travel company, said it would cut eight thousand jobs or more than 10 percent of its workforce as lockdowns worldwide have decimated demand for travel, [The New York Times](#) reported. Emirates Airlines plans to resume limited services to nine destinations including Frankfurt and London from May 21, the newspaper added.
- “How Tourist Destinations Are Reconfiguring to Reopen Safely” reads a [Wall Street Journal](#) headline. Measures taken by the nine trillion-dollar global travel industry include single-use packs of playing cards, more space between beach chairs, and apps at amusement parks to minimize queues, the newspaper said. Examples cited include tourist attractions in Turkey, Monaco, Texas, St. Lucia, and France.

“MESSY” DEBT

- Malnutrition and diet-related diseases are putting millions of people worldwide at increased risk from coronavirus among lower-income countries and poorer populations in richer ones, the [Financial Times](#) reported, citing the Global Nutrition Report, an audit sponsored by the United Nations.
- Cities across countries in Latin America—from Lima in Peru, to Manaus in Brazil and Guayaquil in Ecuador—have among the worst outbreaks of coronavirus in the world, comparable to those experienced in New York, Madrid, or Paris, [The New York Times](#) reported, citing its own analysis of mortality data.
- Sen. Bernie Sanders (I-VT) and Rep. Ilhan Omar (D-MN), along with more than three hundred lawmakers from over two dozen countries, called on the IMF and the World Bank to consider “extensive debt forgiveness” for more than seventy of the world’s poorest countries whose economic challenges have been exacerbated by the coronavirus outbreak, [The Washington Post](#) reported. Developing countries hold about \$11 trillion in external debt, with \$3.9 trillion of debt service due this year, the newspaper said, citing the Brookings Institute.

- “Why the coming emerging markets debt crisis will be messy.” That’s the headline to a long-form article in the **Financial Times**.
- **QUOTE:** “The challenge is enormous,” said Ramin Toloui, a former head of emerging market debt at bond manager Pimco, the **Financial Times** reported. “The withdrawal of money [from emerging market funds] is greater and far more sudden than in 2008, the economic shock is huge and the path to recovery more uncertain than it was after the last crisis.”
- Dozens of coronavirus cases and deaths in war-torn Yemen have gone unreported in both the Saudi-backed south and by Houthi rebels based in the north, **The Washington Post** said, citing Reuters. That gives added credence to suspicions that the disease has been spreading rapidly in the Middle Eastern nation, which has reported only sixty-seven cases and fewer than a dozen deaths, the newspaper added.
- Lebanon ordered a four-day resumption of a national lockdown starting on May 13 following a spike in coronavirus cases in the army and among returning expatriates, **The New York Times** reported. Lebanon had relaxed its nightly curfew and allowed some businesses to reopen, the newspaper said.

RESOURCES:

- Johns Hopkins University **interactive web-based dashboard** to visualize and track reported cases in real-time.
- CDC provides **frequent updates and background information** on coronavirus and **interim guidance on company policies**.
- The World Health Organization **daily situation reports**.

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