Planning for post COVID-19

by Matthew Wilson

No one could have predicted that 2020 would be like this. Phrases like social distancing, lockdown and pandemic were not in our collective vernacular. But as we near the end of the first quarter of the year we are facing one of the greatest challenges of a generation.

We know very little about what life after COVID-19 will be. But we know it will be drastically different. The most vulnerable across the world are on the front lines of this virus: the elderly, the poor, those without access to health care, those with preconditions such as diabetes, high blood pressure and cancer and those who believe they are invincible and do not make the necessary precautions.

This is not a time for bravado or ignoring Government advice: this is a time for community and care. As the Minister of Foreign Affairs of Spain (and my former boss at the International Trade Centre) \\ Arancha Gonzalez recently said, “this is a time for citizenship”. This has been a sentiment echoed by the United Nations Secretary General António Guterres who said that the pandemic “drives home the interconnectedness of our human family”.

We will define our lives as pre-COVID-19 and post-COVID-19, much as we do with pre-9/11 and post-9/11. We will not be able to resist of transformations. The way we work has been entirely turned upside down in the space of a month. Tele-working has realised its promise, technology has realised its potential. That’s the good part.

But the dark undertones of this is the number of jobs that will be lost. The International Labour Office estimates that almost 25 million jobs could be in jeopardy as a result of COVID-19.

Backbone of all economies

Micro, small and medium enterprises (MSMEs) are the backbone of all economies often employing 70 per cent of the workers in a country. For the Caribbean and for Barbados in particular, this is likely closer to 98 per cent of all non-governmental employees who are working in some form of a small business. We will see dramatic effects on MSMEs with many only having the working capital to stay afloat for weeks. Many will shed jobs and if the evidence of the past is to inform us, many of these jobs will be those held by women. The socio-economic impact of this will be astronomical.

Governments across the world are scrambling to put in place mitigation policies to both stem the invasiveness of the virus and shore up their MSMEs. Those governments with fiscal policy space and healthy reserves are in a better position. Those countries, especially least developed countries and small island developing states, who are still recovering from the 2008 financial crisis, are in more tenuous positions. It is not a stretch to think that in addition to the failed businesses, airlines and industries that we will see in the post-COVID-19 world, that we may also see some failed states. And we have to avert this. This is now a global problem that only a global solution with local flavours can fix.

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value chains in the Caribbean. With global value chains damaged by the economic contagion, it is clear that those most affected are the economies at the very end of the chain – those who are import dependent.

Time for rethink

We need to rethink not only our production priorities in the region but the ease of getting those goods and services across borders. The CARICOM treaties are all there – now is the time to really operationalise them.

We need to look closer at aspects such as regional cooperation on health, safety, and labour and how we can build home growing value chains in the areas of protective garments, hygiene products, pharmaceuticals, medical equipment and diagnostic testing. Initiatives such as having rum distilleries in the region diversify into the production of hand sanitizers is a good start.

And we need to bolster our MSMEs. First, continue to invest in the digital economy. The future of work – as this last month has shown – lies in using technology to be flexible and productive. We all know that the investment decisions of businesses are contingent on countries having a good digital ecosystem. This will be even more critical going forward.

Second, skills especially for youth. What this lockdown has shown is the power of online learning. The ITC’s SME Trade Academy is just one of a series of platforms around the world that offer the opportunity for a skills reform and get people trained.

Third, there is need to be a clear approach to the assistance that will be provided to MSMEs during and after this downturn. Tax reductions or tax breaks, capacity building, concessional financing and no or low interest rate loans are some of the measures that will need to be implemented if we are to minimise the economic wide impact of this crisis.

Of tourism and travel

Fourth, how to rebuild and rethink the most important economic sector in the region: tourism. We should not look at ourselves, the tourism industry is being decimated. Airlines will fold, and those that don’t will reassess their routes. Travel will likely become more of a luxury for the middle class and those in the low income earning group will be more preoccupied with rebuilding their lives and their nest eggs as they travelling to a tropical paradise.

What does this mean for Barbados and the wider Caribbean? This is an opportunity to map out a skills training offer for those sectors of the economy that are dependent.

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