

ASG Update: Covid-19 Global Progression and Response

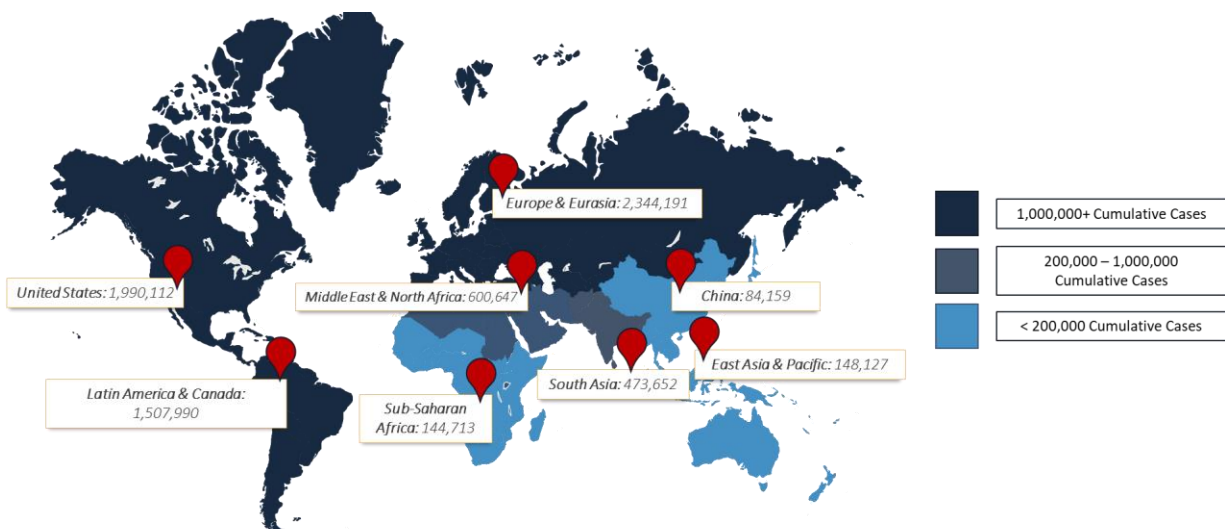
June 10, 2020

Please note that information regarding the pandemic is quickly dated, and that statistics included in this update were current at the time of writing. After this week's edition, we will transition from a weekly global Covid-19 update to region- and industry-specific ASG Analysis pieces that provide more detailed assessments of the commercial and political impact of current events in markets around the world.

Key Takeaways

- The pandemic continues to accelerate at alarming rates across Latin America, with the highest case numbers seen in Brazil, Peru, Chile, and Mexico. As the health crisis rages in these countries, social tensions are mounting.
- India has also seen a dramatic spike in Covid-19 cases, becoming the fifth-hardest hit country in the world.
- Germany, France, the Netherlands, and Italy announced the formation of the new Inclusive Vaccine Alliance, aimed at ensuring that a coronavirus vaccine is available and affordable for Europeans. The four countries are speeding up negotiations with pharmaceutical companies to secure access to vaccines currently under development.
- On June 4, the Chinese government announced that it will contribute \$20 million to the Global Alliance for Vaccines and Immunization (GAVI.) GAVI is a public-private global health partnership established in 2000 to increase access to immunization in poor countries. The \$20m was part of a fundraising effort which saw GAVI receive commitments for \$8.8B, far exceeding their target of \$7.4B.
- Five vaccine projects are supported by the Trump administration's "Operation Warp Speed," providing much-needed funding for U.S.-based vaccine developers including AstraZeneca, Pfizer, Johnson & Johnson, Moderna, and Merck.

Map of Cumulative Covid-19 Cases

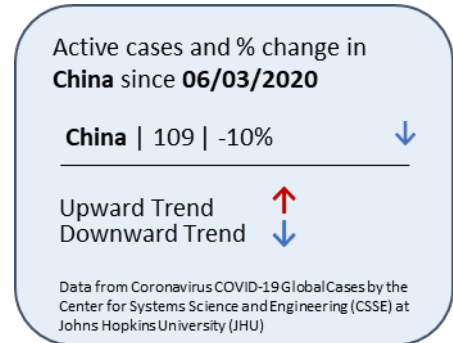


Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

Regional Updates (June 3 – June 10)

CHINA

Government Response: Chinese aviation authorities announced a new plan to regulate foreign airlines based on passengers' Covid test results. On June 4, the Civil Aviation Administration of China (CAAC) announced that it will let some foreign airlines resume limited flights into the country. Airlines will be granted additional flights or penalized depending on how many coronavirus cases are discovered on their flights. The new rules took effect on June 8. On June 10, CAAC said foreign airlines may be allowed more flights on the basis of close economic ties and successful disease control measures. These moves indicate that while Chinese authorities say they want to prioritize and support foreign travel, they are opening up slowly in part due to the severity of the pandemic outside of China. Two U.S. airlines reportedly will resume weekly flights to China, but it is unclear if they will satisfy China's public health requirements, such as taking the temperature of all passengers.



Earlier this week, China's State Council released a white paper on combatting Covid. The white paper includes yet another timeline of the outbreak, analysis of epidemic control and prevention measures, and documentation of policy reform. The paper provides China's view of what happened and its reflection on strengths and weaknesses in China's public health emergency response system, which the Chinese government has pledged to further develop post-pandemic.

The Economy: The Ministry of Commerce reaffirmed that China and the EU plan to finalize their bilateral investment treaty by year end. The two sides have said that they hope it will help boost economic recovery in the wake of Covid.

This week we also saw Chinese financial regulators try to assuage fears about Hong Kong's status as an international financial hub following reports that some multinational companies and high-net-worth individuals plan to depart Hong Kong due to pending national security legislation. These steps included a pledge from the central bank to support the development of the Hong Kong international financial center and an announcement from China's banking and insurance regulator that Hong Kong had not recently seen any abnormal capital outflows.

Looking Ahead: Chinese leaders urge all-out efforts to provide jobs for eight million Chinese college graduates. Foreign companies that can show an increase in employment of college graduates in the coming months may be able to bolster their standing with the government. On June 3, Premier Li urged government departments at all levels to prioritize measures that will create jobs, especially for students in regions hard hit by the pandemic. The central government pledged to direct more investment into labor-intensive projects, encourage SOEs to recruit more graduates, and provide more tax and financing incentives to support student entrepreneurship.

EAST ASIA & PACIFIC

Government Response: **New Zealand** Prime Minister Jacinda Ardern lifted all domestic social restrictions on June 8, making her country one of the first worldwide to do so. In her Monday address, Prime Minister Ardern claimed New Zealand's strict 75-day lockdown led to the country's full eradication of the virus, but officials continue to encourage social distancing. Meanwhile, **Australia** continues a staggered reopening process, with the government predicting that the country will be Covid-free by July.

According to a statement from **Vietnamese** Prime Minister Nguyen Xuan Phuc, the country plans to resume flights to and from countries that have remained Covid-free for 30 days. Prime Minister Phuc did not specify which countries will be included in The National Steering Committee for Covid-19 Prevention and Control's list, but he mentioned **Taiwan, Laos** and **Cambodia** as potential candidates for approval. According to **Malaysian** Senior Minister Ismail Sabri Yaacob's June 8 Covid briefing, discussions are underway with his **Singaporean** counterparts regarding the resumption of business travel between the two countries. Singaporean National Development Minister Lawrence Wong said that commuters are unlikely to be able to cross "freely" between Malaysia and Singapore, as they did before the pandemic.

Japanese government officials anticipate talks to renegotiate immigration restrictions will begin in late June. Discussions will center around two-way business travel between Japan and **Thailand**, Vietnam, Australia, and New Zealand. Travelers must provide a detailed itinerary to a Japanese Embassy or Consulate and a sufficient reason for their visit.

While many countries move toward reopening, governments are still actively tracking ongoing infections. The **Korea** Centers for Disease Control and Prevention (KCDC) reported a 27% increase in newly confirmed Covid cases among Seoul's elderly community. The threat of cluster infections has led KCDC Director Jeong Eun-kyung to urge Seoul metro residents to postpone social gatherings and avoid public venues such as restaurants and bars. The Korean Ministry of Education pushed ahead with the final phase of school reopening on June 8, with approximately 5.3 million students returning to school over the past three weeks.

On June 8 Singapore's Minister of Foreign Affairs, Vivian Balakrishnan, who also heads the Smart Nation technology initiative, announced that certain citizens will receive small contact tracing devices in late June. The device is meant to expand upon the work begun by the government-sponsored TraceTogether app. Only 1.5 million citizens downloaded TraceTogether following the app's March launch, far less than the 4.5 million people needed for optimal performance. Some citizens have voiced worries about privacy issues raised by TraceTogether and the newly created tracing device. The Singapore People's Party issued a statement expressing concern, and online petitions have garnered tens of thousands of signatures in opposition to any form of contact tracing. Singapore's Smart Nation and Digital Government Office (SNDGO) announced in April that all migrants are required to download and maintain use of the TraceTogether app while living in dormitory quarters.

Jakarta Governor Anies Baswedan announced on June 4 that the month of June would be a transition period, from large-scale social restrictions to "new normal" protocols established by **Indonesian** President Joko Widodo.

Active cases and % change in EAP since 06/03/2020

Singapore 12,612 -4%	↓
Indonesia 19,739 +9%	↑
Philippines 17,239 +18%	↑
Japan 1,007 -20%	↓
Malaysia 1,244 -6%	↓
Korea 1,015 +19%	↑
Thailand 90 +55%	↑
Laos 0 -100%	↓

Upward Trend ↑
Downward Trend ↓

Data from Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

Philippines Education Secretary Leonor Briones said this week that students will be permitted to attend in-person school only when a coronavirus vaccine is readily available. Secretary Briones believes that classes can be held remotely via television if a vaccine is not distributed by August. Concern is growing over internet accessibility and increasing disparities in education, as Filipino citizens express fears that children from rural or impoverished areas will be unable to take part in remote learning.

The Economy: Economic ministers from the ten countries of the Association of Southeast Asian Nations (ASEAN) plus three released a joint statement following a June 4 special meeting on Covid response. ASEAN+3 stressed the need for open markets to help stave off the economic impact of the pandemic. The countries reiterated their commitment to the Regional Comprehensive Economic Partnership (RCEP), a proposed free trade agreement between the ten ASEAN member states and six partners: China, **Japan, South Korea, Australia, New Zealand** and India. The joint statement also sought the implementation of “travel bubbles” between states, as well as knowledge-sharing on economic and health measures.

The **Indonesian** government unveiled a \$47.6 billion stimulus package to counter Covid’s negative effects on the economy. The recent announcement dwarfs the country’s April allocation of \$26.36 billion. According to Finance Minister Sri Mulyani Indrawati, the money will provide about \$6.2 billion to bolster the healthcare system, alongside funds to assist Micro, Small and Medium Enterprises (MSMEs) through tax incentives, subsidies, and money to incentivize domestic spending.

On June 3, the **Japanese** Ministry of Health, Labour, and Welfare (MHLW) announced that the government will launch a subsidy program for drug producers seeking to develop a Covid vaccine domestically. The government hopes to secure stable supplies for the country by encouraging Japanese pharmaceutical companies to accelerate their development processes. On June 10, Japan’s House of Representatives passed a second supplementary budget of 31.91 trillion yen (\$297 billion), the country’s largest ever. The budget’s passage follows news that Japan’s GDP shrunk nearly 4.4% over the month of April, the sharpest drop since the 2011 Fukushima disaster according to the Japan Center for Economic Research. Relief measures in the second supplemental budget include additional subsidies for small businesses, cash payments for medical workers, and reserve funds earmarked to help firms keep workers employed and to improve medical services.

Looking Ahead: Elections in **Singapore** must take place by April 2021, and many experts believe Prime Minister Lee Hsien Loong will call an election in July. This week, Singaporean election officials released a list of special measures to ensure voter safety, including: suggested two hour “time bands” for voters to cast their ballots; priority morning voting for elderly citizens susceptible to Covid; a 25% increase in polling stations across the country to help reduce crowding; and, if necessary, measures to allow quarantined citizens to vote outside of their designated district.

Myanmar’s Union Election Commission (UEC) announced last week that the general election will be held in November 2020 as scheduled. State Counsellor Aung San Suu Kyi and President U Win Myint, members of the ruling National League for Democracy (NLD), are favored to retain their positions. Citing fears over the spread of the virus, the Myanmar government requested that ethnic armed groups attending the upcoming Union Peace Conference -- 21st Century Panglong reduce their numbers of delegates by two-thirds. This is the latest setback for the peace summit, which was delayed from March to July, and is widely expected to make little progress.

EUROPE

Government Response: While member states continue to reopen internal borders on their own distinct schedules, the European Union agreed to extend its travel ban for another 15 days until June 30. The European Commission hopes to reopen Europe's borders to tourists from low risk countries on July 1.

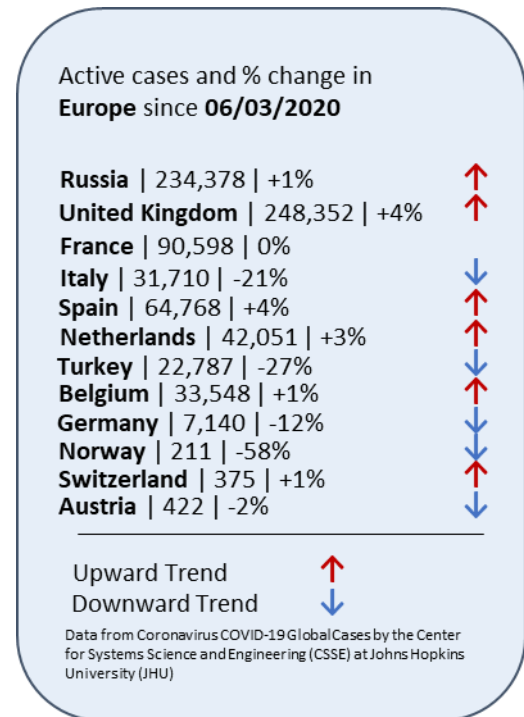
Germany, France, the Netherlands, and Italy announced the formation of the Inclusive Vaccine Alliance aimed at ensuring that a possible future coronavirus vaccine is available and affordable for Europeans. The four countries are speeding up negotiations with pharmaceutical companies to secure access to vaccines currently under development. The European Union announced that it is preparing to use the Emergency Support Instrument fund to make advanced purchases of promising vaccines, increase vaccine production capacity in Europe, and offer liability insurance to pharmaceutical companies.

The European Commission also named China as a source of online disinformation, saying that the government was using the coronavirus crisis to undermine Western democracies, in a move that escalates tensions between Brussels and Beijing. The Commission also blamed Russia for similar tactics, and called on social media companies like Facebook, Google's YouTube, and Twitter to publish monthly reports on their efforts to tackle Covid misinformation. The Commission said that the nonbinding demands will feed into future EU work on disinformation, notably the European Democracy Action Plan and the Digital Services Act.

The Economy: **Germany's** coalition government agreed to a €130 billion (\$147.9 billion) stimulus package (worth around 4% of GDP), bringing Germany's total Covid stimulus measures to €1.3 trillion (\$1.5 trillion). The program will include temporary cuts to VAT, a €300 (\$341) per-child financial allowance for families, and assistance for cash-strapped local authorities, along with plans to boost subsidies for electric cars by €3,000 (\$3,400) and spend billions on national transport infrastructure.

The European Central Bank (ECB) decided to expand its Covid bond-buying program (the pandemic emergency purchase program, or PEPP) by an additional €600 billion (\$682.4 billion), extending the program to at least June 2021 and promised to keep reinvesting the profits until 2022. The decision puts the ECB on track to buy a record €1.4 trillion (\$1.59 trillion) of assets this year across all its stimulus programs.

Looking Ahead: The European Union Leaders' Summit will be held virtually on June 19. Leaders are expected to discuss the EU recovery plan and 7-year budget at the Summit, though additional meetings are expected in July before members agree on the plans.



LATIN AMERICA

Government Response: The pandemic continues to accelerate at alarming rates across the region. **Brazil, Peru, Chile** and **Mexico** remain the countries with the highest numbers of confirmed cases. Brazil now has the second-highest number of cases in the world, at more than 700,000. As it struggles to manage the crisis, the government briefly stopped reporting Covid data, only to have that decision reversed by the Supreme Court. Cases are also spiking in Mexico, where all states have been classified as maximum risk this week and will authorize only the resumption of essential activities. The Peruvian government passed a measure to reduce salaries of some executive branch officials and is redirecting the savings to provide benefits to families of healthcare workers. In Chile, ongoing criticism of the government's handling of the pandemic prompted a second cabinet reshuffle in nine months.

As the health crisis rages, social tensions are mounting. Protests in **Ecuador** against fiscal austerity, which began on May 25, resumed this week. On June 4, demonstrators gathered in Guadalajara, Mexico to protest police brutality after a man named Giovanni López was beaten and killed in police custody because he did not wear a mask in public. In Mexico City, protests in support of the U.S. Black Lives Matter movement turned violent as some individuals threw Molotov cocktails at the U.S. Embassy.

The Economy: The World Bank released new global projections, predicting that Latin America and the Caribbean will experience a GDP contraction of 7.2% in 2020, a sharp decrease from the agency's April forecast, which estimated a 4.6% contraction. The agency attributed the contraction to the "devastating blow" of the pandemic, a global drop in commodity prices, outflow of capital from the region's main economies, and the economic slowdown in large trading partners like the United States and China, among others. **Peru's** economy will be hardest hit in the region (except **Venezuela**) and among the hardest hit in the world, with an anticipated contraction of 12%. **Brazil, Mexico, and Argentina's** economies are predicted to shrink by 8%, 7.5%, and 7.3% respectively.

Looking Ahead: Policymakers will continue to struggle to control the spread of the virus, which has yet to reach its peak in many countries. Economic pressure will put an additional strain on governments, particularly those with low approval ratings, like those in **Chile** and **Ecuador**. Companies are likely to face a complex landscape of rapidly shifting reopening policies and uneven enforcement in some countries.

MIDDLE EAST & NORTH AFRICA

Government Response: While most countries across the region continue to cautiously relax restrictions and reopen their economies, some of the Gulf countries have re-imposed certain measures over concerns of a resurgence in infections. After reducing its nationwide curfew to 8:00pm-6:00am last week, **Saudi Arabia** re-imposed a 3:00pm-6:00am curfew and stay-at-home order in Jeddah, a gateway for the annual *hajj* to Mecca. As the Kingdom experiences a spike in daily new infections and growing demand for ICU beds, the government is

Active cases and % change in Latin America since 06/03/2020

Brazil	304,360	+1%	↑↑
Peru	101,196	+5%	↑↑
Ecuador	19,207	+13%	↑↑
Chile	23,115	-73%	↓↓
Colombia	24,201	+23%	↑↑
Mexico	18,904	+12%	↑↑
DR	7,663	+24%	↑↑
Argentina	16,053	+33%	↑↑
Panama	6,269	+48%	↑↑
Venezuela	2,122	+45%	↑↑

Upward Trend ↑
Downward Trend ↓

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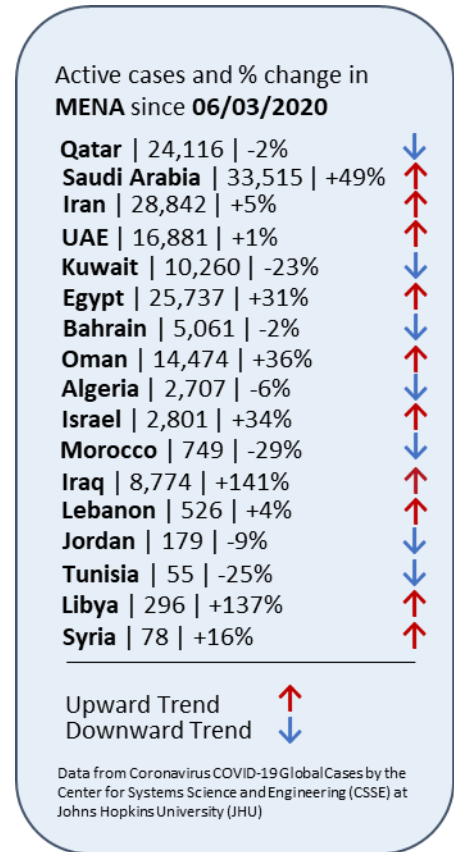
reportedly mulling allowing only a “symbolic number” of people to complete the *hajj* this year. **Abu Dhabi** announced yesterday that it will extend its *cordon sanitaire* by another week, even as neighboring **Dubai** accelerates its reopening efforts. **Oman** relaxed some of its restrictions this week, allowing many kinds of businesses and shops to reopen, but kept restrictions in place for the Al Wadi Al Kabir industrial area in Muscat, where many migrant workers live, and closed off several popular tourist areas. **Qatar** will implement a four-phase reopening plan starting on June 15 with the reopening of some stores and malls. In **Kuwait**, daily prayers will resume at a limited number of mosques in residential and sparsely populated areas starting June 10.

In the Levant, **Lebanon** is planning to reopen Beirut International Airport by early July at the latest if case numbers continue to decline. Earlier this week, **Jordan** reopened ports, mosques, churches, restaurants, and cafes and allowed travel between cities and domestic tourism to resume. In North Africa, **Tunisia** fully lifted its nationwide curfew on June 8 and announced that it will begin allowing tourists to enter the country starting June 27. **Algeria** started easing restrictions on June 7, allowing the construction and public works sectors to resume work and some businesses to reopen.

The Economy: **Saudi Arabia**, the **UAE**, and **Kuwait** announced this week that they will boost oil production to match OPEC+ quotas, ending the deeper voluntary production cuts they imposed during the worst of the pandemic. This comes after the OPEC+ countries agreed on Saturday (June 6) to extend record production cuts of 9.7 million barrels per day (bpd) into July. The recovery of global oil prices to around \$40 per barrel is a positive development for the Gulf economies, but it is unclear if and when oil demand will recover to pre-pandemic levels. In the meantime, the Gulf countries are signaling that they will continue with austerity measures. Kuwait announced last week that it will cut government spending by at least 20% for the FY2020-21 fiscal year and ordered the Ministry of Finance to coordinate with all government departments to review spending on public services and subsidies. The UAE Central Bank announced today that it expects the Emirati economy to contract by 3.6% this year, with a projected 4.1% decline in non-oil GDP and 2.4% decline in oil GDP.

Governments in the Levant and North Africa, which were in weaker fiscal positions before the pandemic, face mounting pressure to reopen their economies notwithstanding public health concerns. On June 5, the International Monetary Fund (IMF) announced that it will consider granting **Egypt** a one-year, \$5.2 billion financial aid package under its Rapid Financing Instrument (RFI), on top of the \$2.7 billion in RFI funding that Egypt received in May. In a bid to decrease government spending and possibly to signal its continued commitment to IMF-backed reforms, Egypt announced yesterday that it will increase electricity prices by 19% in July as part of a plan to gradually lift all energy subsidies by July 2021. The World Bank also announced yesterday that it expects **Morocco’s** economy to contract by 4% this year.

Looking Ahead: Although we expect most countries across the region to press ahead with reopening in the coming weeks, the decision by **Saudi Arabia** to reimpose some restrictions this week highlights the possibility that the Gulf countries in particular could adjust their reopening timelines or even reimpose lockdowns if they see a



resurgence in case numbers. With Saudi Arabia recording its highest-yet daily case total on Monday, June 8, there is mounting speculation that the Kingdom could soon return to a partial lockdown.

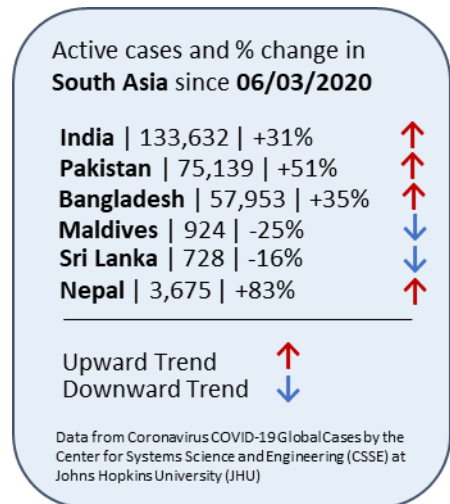
We will continue to closely monitor the impact of the pandemic on civil unrest and political stability across the region. In **Lebanon**, anti-government protests resumed in Beirut this week as the country eased many of its pandemic restrictions. There is growing concern that ISIS may be using the pandemic to regroup in northern **Iraq**, as some observers warn it is doing in neighboring **Syria**. In **Yemen**, anecdotal evidence from doctors and reports on social media suggest an escalating Covid crisis, though the lack of testing and efforts by the government and Houthi rebels to suppress reporting continue to make it difficult to assess the full scale of the outbreak.

SOUTH ASIA

Government Response: **India** has seen a dramatic spike in coronavirus cases, becoming the fifth-hardest hit country in the world. The Health Ministry deployed technical teams to 15 states that are experiencing a rise in cases to provide support for containment efforts. India recently implemented new guidelines to allow hotels, malls, restaurants, religious places, and offices to open at limited capacity outside of designated containment zones. In response to a sharp spike in Covid cases in **Pakistan** following the lifting of lockdown restrictions, the World Health Organization (WHO) recommended a two-week re-imposition of the lockdown. Prime Minister Khan continues to defend the decision to lift restrictions, saying that Pakistan cannot reverse course. However, the government will begin to crack down on those violating health protocols. **Bangladesh** remains under a nationwide 8:00pm-8:00am curfew until June 15, while “red zones” operate under a stay-at-home order. **Sri Lanka** implemented a nationwide curfew between 10:00pm and 4:00am across all districts. Sri Lanka is set to reopen schools in phases starting June 29, but delayed its parliamentary elections for the second time, until August 5, due to ongoing public health concerns. **Nepal** remains in lockdown, which is set to expire on June 14. In the **Maldives**, Malé remains under lockdown until next week, but schools are preparing to reopen and the tourism industry announced that international borders will reopen in July.

The Economy: The **Indian** government approved the creation of an Empowered Group of Secretaries (EGoS) and Project Development Cells (PDCs) in government ministries as a means to support greater inward investment. The EGoS will focus on bringing together different ministries and departments for timely approvals. The PDCs will aim to create a stock of “investible projects” for foreign investors. **Pakistan** reached an agreement with the IMF on a Rs 4.95 trillion (\$30 billion) tax collection target for the coming fiscal year and will halt all salary increases for civil servants. The Asian Development Bank will provide a \$5.3 million grant to support the Khyber Pakhtunkhwa provincial government’s Covid response. **Sri Lanka’s** Commercial Bank of Ceylon received a \$50 million loan from the International Finance Corporation (IFC) to assist small and medium enterprises in their recovery processes. **Nepal** received \$100 million from the World Bank to reform its electricity sector and \$5.5 million from the U.S. to support its recovery efforts. The **Maldives** received \$5.6 million from Japan and \$12.8 million from the World Bank to mitigate economic fallout in the country.

Looking Ahead: In **Bangladesh**, areas surrounding the Rohingya refugee camps in Cox’s Bazar have been designated as red zones as the virus spreads rapidly through the camps. The challenge for authorities is



exacerbated by a fear among refugees that they may be sent to Bhashan Char island in the Bay of Bengal for isolation if they test positive, which has led to low testing rates.

SUB-SAHARAN AFRICA

Government Response: On June 9 **Burundi's** president, Pierre Nkurunziza, died from a reported heart attack. Prior to his death, rumors circulated on social media that he had contracted Covid, along with reports that his wife had been evacuated to Kenya to receive treatment for the virus. Nkurunziza was a controversial figure who ruled the small central African nation for 15 years. His government was widely criticized by local and international political actors for its lackadaisical approach to dealing with Covid, including the decision to hold national elections amidst the global pandemic.

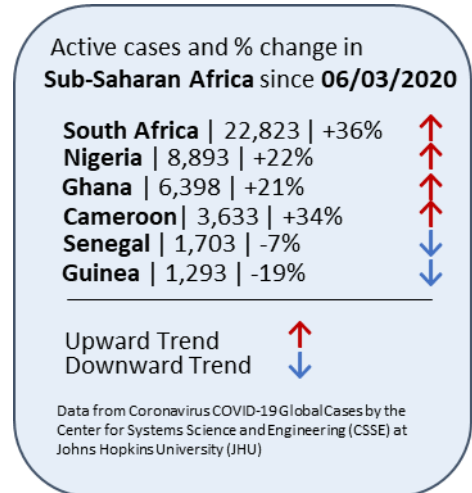
Also on June 9, an investigation by **Nigeria's** federal government revealed that at least half of 1,000 unexplained deaths in the northern region of Kano were due to Covid. Local governments had previously stated that the deaths were due to diabetes, malaria, hypertension, and meningitis. This development suggests that Nigeria's Covid case numbers are much higher than are being reported.

Protestors in **Senegal** demonstrated in Dakar and Touba last week against lockdown measures, prompting the use of tear gas by security forces to disperse the crowds. The government subsequently announced that it will shorten the nightly curfew and lift restrictions on regional travel within the country. On June 8, **Tanzanian** President John Magufuli declared the country free of Covid cases, despite WHO warnings regarding the Tanzanian government's approach to the pandemic. Tanzania has not published statistics on COVID cases since April 29, creating uncertainty over the current status of the disease within its borders.

The Economy: On June 8, **Uganda's** central bank cut the benchmark lending rate to 7% to spur an economic restart as the country begins reopening. Uganda's economic growth rate is forecasted to be between 2.5-3.5%, down from previous estimates of 3-4%. In **Nigeria**, the pandemic has hastened the uptake of mobile and contactless payment methods. Mobile money transactions in the country increased by 14.5% between February and March, facilitated by strategic central bank initiatives and the issuance of operating licenses to 15 new mobile money companies in December 2019.

Last week, Kasada Capital, a **South African** private equity firm, announced it will invest more than \$500 million in target markets such as **Senegal, Côte d'Ivoire, Ghana**, and South Africa in order to jumpstart the recovery of Africa's hospitality sector. At present, an estimated 78% of hotels in sub-Saharan Africa are closed. **Tanzania's** 2020 economic growth is expected to decline to 2.5%, down from 6.9% growth reported in 2019, according to a new World Bank report published on June 7. The World Bank projects that an additional 500,000 Tanzanians could fall below the poverty line due to Covid-related economic contractions. Nevertheless, Tanzania's position as a net oil importer and gold exporter, as well as its low fiscal deficits, situates it favorably compared to other East African nations.

Looking Ahead: We continue to watch as African nations innovate and adapt to social distancing orders. To minimize disruptions for African students, various countries have adopted new approaches to remote learning. In **Uganda**, the government announced a plan to send 140,000 television sets to villages throughout the country so



that pupils can receive televised lessons. Civil society organizations in **Kenya** have begun retraining teachers to deliver online curriculums that can be accessed with smartphones and cellular connections. Such initiatives have shown promise, particularly in conflict-affected northeast Kenya, where al-Shabaab attacks forced the government to withdraw educators in January. Analysts note that education will be a crucial element of Africa's Covid response, particularly as a means by which to spread public health messages to an overwhelmingly young population.

UNITED STATES

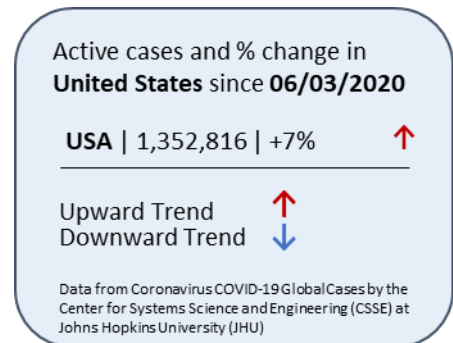
Government Response: The number of reported coronavirus cases in the U.S. continues to increase. For example, Texas reported its highest daily number of Covid hospitalizations yet this week. Some leaders attribute part of the rise to increased testing, including in prisons. Despite rising case numbers, states have proceeded with their reopening plans amid public demands to resume economic activity.

This week, the Department of Health and Human Services (HHS) announced it will provide \$25 billion of funding to health care providers who primarily treat Medicaid enrollees, uninsured people, and people with low incomes. Many of these providers had not yet received financial relief. On the international front, Congress passed humanitarian aid provisions for combatting Covid globally in March -- but the federal government has only spent approximately 25% of the allocated funding.

The Economy: U.S. economists are cautiously optimistic as the jobless rate is down – due to millions of jobs that were added in May – and the stock market is down only 1.1% for the year. Still, experts are warning that the pandemic's economic fallout could be felt for the next several years. Laurence Boone, chief economist at the Organization for Economic Co-operation and Development (OECD), said this week in a speech: "By the end of 2021, the loss of income [will exceed] that of any previous recession over the last 100 years outside wartime, with dire and long-lasting consequences for people, firms, and governments."

The U.S. still has 19.5 million fewer jobs available now than it did in February, and general demand for non-essential goods has decreased significantly. The Federal Reserve has announced that it predicts a 6.5% contraction in GDP this year, and has also signaled its intention to keep interest rates low through 2022. By December, the Fed expects the unemployment rate to drop to 9.3%, down from 13.3% in May.

Looking Ahead: This week has been busy for both the Democratic and Republican parties as they each draft their own legislature on police reform and respond to the related events of the past week. Thus, Washington has not yet reached consensus on whether another stimulus check will be distributed to Americans. Senate majority leader Mitch McConnell has, however, stated that Congress will decide in the next few weeks whether to take up another round of stimulus, though the House and Senate have differing views on how much to allocate and when, as well as whom the recipients would be. The White House has said that the next stimulus package will be the last of the pandemic.



Therapeutic & Vaccine Development Efforts

Five vaccine projects are being supported by the Trump administration's "Operation Warp Speed." This has provided much-needed funding for U.S.-based vaccine developers, including:

- **AstraZeneca** and the **University of Oxford**: currently the farthest along, having just entered Phase III trials in England and Brazil.
- **BioNTech, Pfizer, and Fosun Pharma**: entered into Phase II human trials in May.
- **Moderna**: hoping to enter Phase III trials in July.
- **Johnson & Johnson**: hoping to enter Phase I/II clinical trials in July. They are currently still in the preclinical phase.
- **Merck and Iavi**: also still in preclinical trials.

In terms of therapeutics, **Gilead Sciences** has officially filed for fast-track approval from the FDA for Remdesivir as its trial results show a reduction in Covid recovery time by about 4 days. Additionally, the **University of Oxford** concluded a large-scale trial of hydroxychloroquine, which showed no improvement in condition over the placebo. There are two other trials currently being conducted for hydroxychloroquine.

About ASG

Albright Stonebridge Group (ASG) is the premier global strategy and commercial diplomacy firm. We help clients understand and successfully navigate the intersection of public, private, and social sectors in international markets. ASG's worldwide team has served clients in more than 120 countries.

For questions or to arrange a follow-up conversation please contact [Anthony Cino](#). More information about ASG's support for companies and organizations during the COVID-19 pandemic is available [here](#).