



# PIDE

## COVID-19 BULLETIN

No. 6

### A TEMPLATE TO MONITOR THE IMPACT OF COVID-19 ON PAKISTAN'S ECONOMY

The corona pandemic has brought us close to a global recession. Government of Pakistan should start to seriously assess the economic situation.

We have compiled a template for monitoring this impact over the coming days, weeks and months, till this crisis is over. The template identifies the sectors/industry that could potentially be affected. In addition, we also provide the mechanisms involved in the process, and the indicators that can be used to monitor and gauge the impact. We may add here that it is not an exhaustive list and we will keep updating it as the situation evolves.

#### Two Things Need to be Done Periodically for Each Sector/Industry

**Actual Loss:** Calculate the loss that has already been borne by using data obtained from the affected sectors.

**Scenario Analysis:** Since the country is just beginning to experience major losses in different sectors, scenario analysis may give us some idea of the potential loss to the economy. For instance, identify the share of each sector in the economy and then using elasticities and other parameters, we can estimate the loss for different scenarios in each sector.

#### The Template

The given template identifies the sectors/industry that could potentially be affected. In addition, the mechanisms through which they would be affected are also provided. The third column gives the indicators needed to gauge this impact.

| Sector/Industry                 | Mechanisms   | Indicators  |
|---------------------------------|--|---|
| <b>Health and economic cost</b> | <ul style="list-style-type: none"><li>• Testing huge number of people for COVID-19</li><li>• Treatment cost including medicines, doctors and para medical staff, establishing and expanding health infrastructure</li><li>• Mortality: morbidity and low worker productivity resulting to fall in production</li></ul> | <ul style="list-style-type: none"><li>• Total number of hospitals (DHQ, THQ etc.) with in each district</li><li>• Number of beds in each hospital</li><li>• Number of ICU beds in each hospital</li><li>• Number of doctors and paramedical staff in each hospital</li><li>• Number of outpatients and inpatients treated in each hospital</li><li>• Average cost of testing a patient for COVID-19</li></ul> |

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|  |   | <ul style="list-style-type: none"> <li>• Average cost of treating a patient for COVID-19</li> </ul>  |
| <b>Manufacturing</b>                                     | <ul style="list-style-type: none"> <li>• Reduction in supply of inputs which is required to produce goods</li> <li>• Reduction in demand for goods due to lockdown situations</li> <li>• Reduction in export demand in in COVID-19 affected countries as well as non-affected due to potential threat of virus exposure.</li> </ul> | <ul style="list-style-type: none"> <li>• Sector-wise manufacturing output</li> <li>• Sectors contribution in GDP</li> <li>• Export-Imports contribution in Sectors output</li> <li>• Labor and capital and intermediate material inputs</li> </ul>   |
| <b>Aviation</b>  | <ul style="list-style-type: none"> <li>• Cancellation of flights of national airline to different countries such as China, Saudi Arabia etc.</li> <li>• Revenue lost due to cancellation of flights from foreign airlines</li> </ul>  | <ul style="list-style-type: none"> <li>• Total number of flights for each destination per week by national airlines</li> <li>• Number of cancelled flights for each destination due to COVID-19</li> <li>• Average loss of revenue per flight per destination to national airlines</li> <li>• Number of cancelled flights from each destination by foreign airlines</li> <li>• Average loss of revenue per flight per destination by foreign airlines</li> </ul> |
| <b>Energy Markets</b>                                    | <ul style="list-style-type: none"> <li>• Reduction in oil and diesel prices</li> <li>• Reduction in demand for the oil products</li> </ul>  | <ul style="list-style-type: none"> <li>• Crude oil prices (per barrel)</li> <li>• Oil imports volume (barrels)</li> <li>• Diesel prices (per barrel)</li> <li>• Diesel imports volume (barrels)</li> </ul>   |
| <b>Ocean/Cargo/<br/>International<br/>Road Transport</b> | <ul style="list-style-type: none"> <li>• Reduction in ocean container shipping</li> <li>• Reduction in port traffic</li> </ul>  | <ul style="list-style-type: none"> <li>• No of vessels on the port (In-bound and outbound)</li> <li>• Average ship traffic delays (in days)</li> <li>• Loss of revenue per port per vessels due to decrease port traffic</li> </ul>  |
| <b>Tourism</b>   | <ul style="list-style-type: none"> <li>• Reduction in number of international tourists</li> <li>• Expected drop in domestic tourism at least in the coming summer</li> </ul>  | <ul style="list-style-type: none"> <li>• Country-wise total number tourist arrivals in Pakistan</li> <li>• Country-wise average spending per tourist</li> <li>• Volume of domestic tourism in the country</li> </ul>   |
| <b>Trade</b>   | <ul style="list-style-type: none"> <li>• Reduction in export orders from COVID-19 affected countries as well as non-affected due to potential threat of virus exposure.</li> <li>• Also, reduction in imported items used in export sector</li> </ul>   | <ul style="list-style-type: none"> <li>• No of export &amp; import orders destination and product wise</li> <li>• No of export transactions</li> <li>• No of import transactions</li> <li>• Destination-wise and sector wise export volume</li> </ul>  |

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|                                      | would also reduce export (GVC channel)  | <ul style="list-style-type: none"> <li>• Destination-wise and sector wise import volume</li> <li>• Imports of intermediate (in Rupees/US\$)</li> <li>• Data on GVCs export volume</li> <li>• What are the expectations regarding exports and imports in coming months?</li> <li>• What are the pre-emptive measures?</li> </ul>               |
| <b>Domestic Investment and FDI</b>   | <ul style="list-style-type: none"> <li>• Lower consumer spending and low confidence in the economy could reduce both domestic and foreign direct investment</li> </ul>                                | <ul style="list-style-type: none"> <li>• FDI sector wise</li> <li>• New FDI contracts</li> <li>• Loans/credit for private investment, sector-wise</li> <li>• What are the expectations regarding flow of investment (including FDI) in the coming months?</li> <li>• Are you taking any pre-emptive measures? If yes, please list.</li> </ul> |
| <b>Retail</b>                        | <ul style="list-style-type: none"> <li>• Reduced local demand due to closure of outlets under lockdown</li> <li>• Reduction in demand due to decrease in incomes resulting from job losses</li> </ul> | <ul style="list-style-type: none"> <li>• Sales per district and city</li> </ul>   |
| <b>Entertainment and hospitality</b> | <ul style="list-style-type: none"> <li>• Restaurants, festivals, parks, movie theaters, sports etc.</li> </ul>  | <ul style="list-style-type: none"> <li>• Total number of restaurants, parks, movie theater (district wise)</li> <li>• Sales of these restaurants, parks, movie theaters</li> </ul>  |
| <b>Agriculture</b>                   | <ul style="list-style-type: none"> <li>• Reduced demand for cotton due to drop in textile sector</li> <li>• Changes in crops pattern due to change in local and international demand</li> </ul>       | <ul style="list-style-type: none"> <li>• Data on production of different crops</li> </ul>   |
| <b>Stock market</b>                  | <ul style="list-style-type: none"> <li>• Drop in stock prices</li> <li>• Effect on banking sector</li> </ul>  | <ul style="list-style-type: none"> <li>• Bank Deposits</li> <li>• Loans to Private sector</li> <li>• PXS 100 index</li> <li>• Travel companies' shares</li> <li>• Trading in shares of banks</li> <li>• Average Share prices sector wise</li> <li>• Average rate of return sector wise</li> </ul>   |
| <b>Donor grants/aid</b>              | <ul style="list-style-type: none"> <li>• Negotiation with donor agencies to fight with COVID-19</li> <li>• Increase in AID to control /minimize the spread</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Negotiation with donors,</li> <li>• Donor wise grants and aid volume (in US\$)</li> <li>• New contracts with donors</li> </ul>   |

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|---|---|---|
|   |   | <ul style="list-style-type: none"> <li>• What are your expectations regarding grants/Aid in coming months?</li> </ul>   |
| <b>Education and other related institutes</b> | <ul style="list-style-type: none"> <li>• Closures of educational institutions and related facilities such as transport</li> </ul>   | <ul style="list-style-type: none"> <li>• Number of public and private educational institutes (universities/colleges/schools) in each district</li> <li>• Number of other government offices in each district</li> </ul> |
| <b>Remittances</b>                            | <ul style="list-style-type: none"> <li>• Drop in oil prices due to reduced internal travel and slowing down of Chinese economy will affect the MENA economies. Similarly, economic slowdown will also occur in other developed countries where Pakistani diaspora lives. Consequently, Pakistani workers abroad may become jobless resulting in the fall in the flow of remittances.</li> </ul> | <ul style="list-style-type: none"> <li>• Number of Pakistani workers in major corridors</li> <li>• Volume of remittances from major corridors</li> </ul>  |

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PIDE COVID-19 Bulletin is an initiative by the Institute in response to the current pandemic, which is bound to have serious consequences for the country, specifically for its economy. The Bulletin would carry research that would aid in an informed policymaking to tackle the issue.

**Pakistan Institute of Development Economics**

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