JOINT SUMMIT WORKING GROUP OEA/Ser.E

Meeting of High-Level Officials GTCC/INF.23/20

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**Organisation for Economic Co-Operation and Development**

The coronavirus pandemic is exacting a heavy toll in human lives, inflicting great suffering and uncertainty on all economies and societies. It is a public health crisis that is unprecedented in recent history and is testing our resilience and our collective response capacity. It also brings with it the greatest economic and financial crisis the twenty-first century has seen, with the OECD estimating that the initial direct impact of social distancing measures could reach 25 per cent of GDP – meaning that annual GDP growth would contract by about 2 per cent for every month that a country remains in confinement. We reckon furthermore that confinement will directly affect sectors that account for up to one-third of GDP for the major economies.

This crisis comes against a backdrop of great uncertainty in the Latin American and Caribbean region. Only a few months ago, we witnessed a wave of protests triggered by social discontent, unsatisfied aspirations, persistent vulnerability, and rising poverty. The crisis we are currently experiencing only exacerbates these risks and risks stemming from the increasing volatility of financial markets, international trade tensions, and weak economic growth in the region, which was barely 0.1% in 2019, according to ECLAC data.

Moreover, we cannot ignore the risk that the most vulnerable households and individuals might bear the brunt of the impact of the crisis. Many businesses, especially micro, small, and medium-sized enterprises (MSMEs) – which account for 99% of businesses and 60% of employment in the region – could go bankrupt. A massive loss of jobs could disproportionately affect the vulnerable middle class, which today accounts for 37% of the population, most of whom have no kind of social protection nor can mitigate risks such as quarantine or increased spending on health care.

In the public health arena, the region faces huge challenges: in LAC, only 47% of the population has social security, while equipment levels are lower than the OECD average (Mexico, Costa Rica, Colombia, and Chile have no more than 2.1 beds per 1,000 inhabitants, whereas the OECD average is 4.61); and, of course, sectors such as tourism will be greatly affected by this crisis.

To meet these challenges, we must have an approach as ambitious as the Marshall Plan, and in which Latin America and the Caribbean must have a say. We need a special financial package to translate policy into action, particularly for countries like Argentina and Ecuador that are coming into the COVID-19 crisis with international talks underway about the management of their public debt. Now is the time to unleash the power of international cooperation in the region and a revitalized multilateral system, shoring up financial measures with mechanisms for knowledge sharing, policy dialogue, and technology transfer – in order to spur recovery that is lasting and sustainable. We need solidarity from everyone, especially those who have the most.

The OECD is mobilizing its expertise to help governments craft effective policies in all the sectors that are critical to halting the spread of the pandemic and mitigate its economic and social effects in many areas: health, taxation, labor and employment, SMEs, education, science and technology, trade, investment, etc. It therefore makes its new platform (<http://www.oecd.org/coronavirus/>) available as a response to the crisis, the aim being to provide timely data, analysis, advice, and solutions, as well as information on health, economic, and social measures from countries around the world.

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