



WORLD FREE ZONES
ORGANIZATION

New global trade trends

How are FZ affected by the pandemic

by

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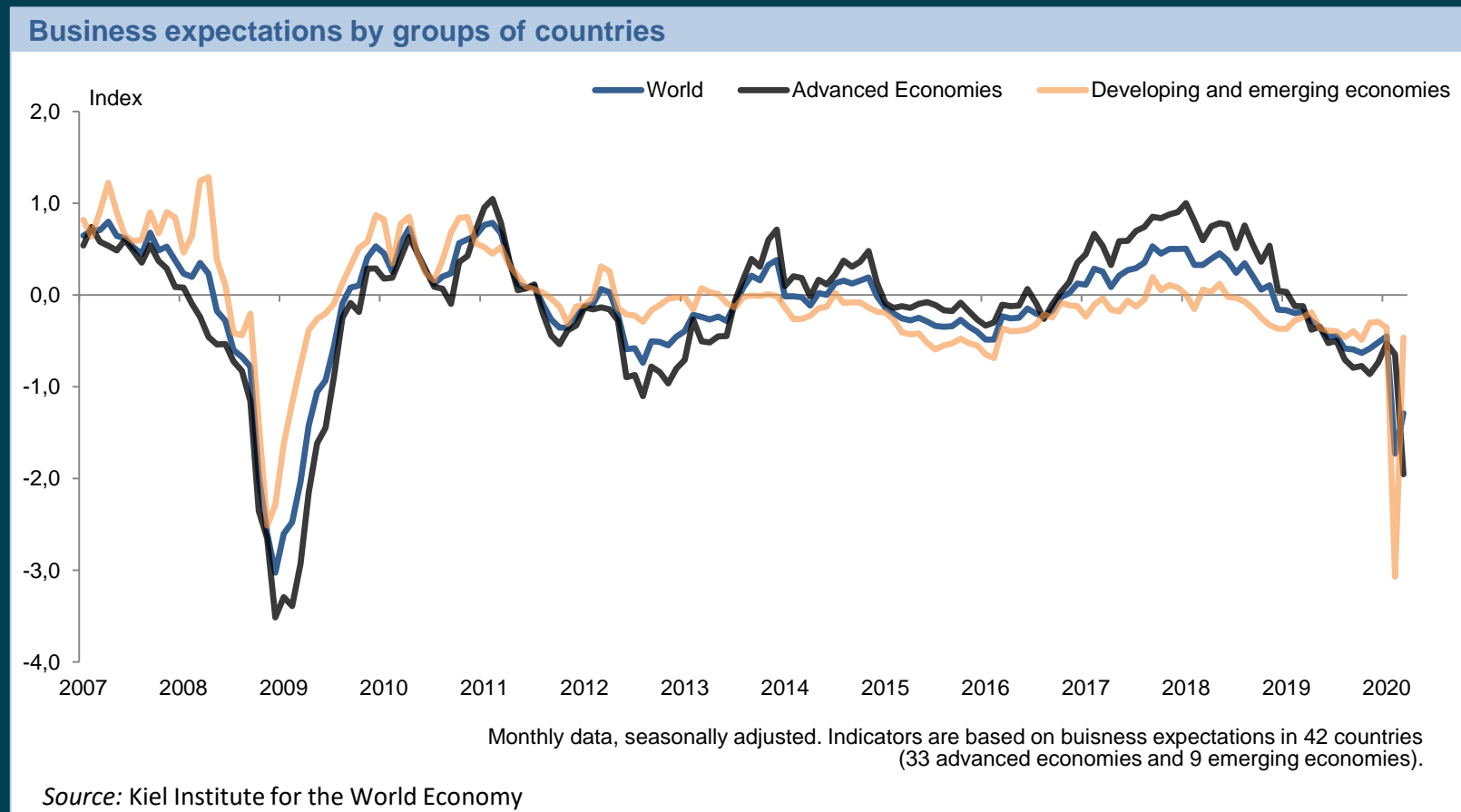


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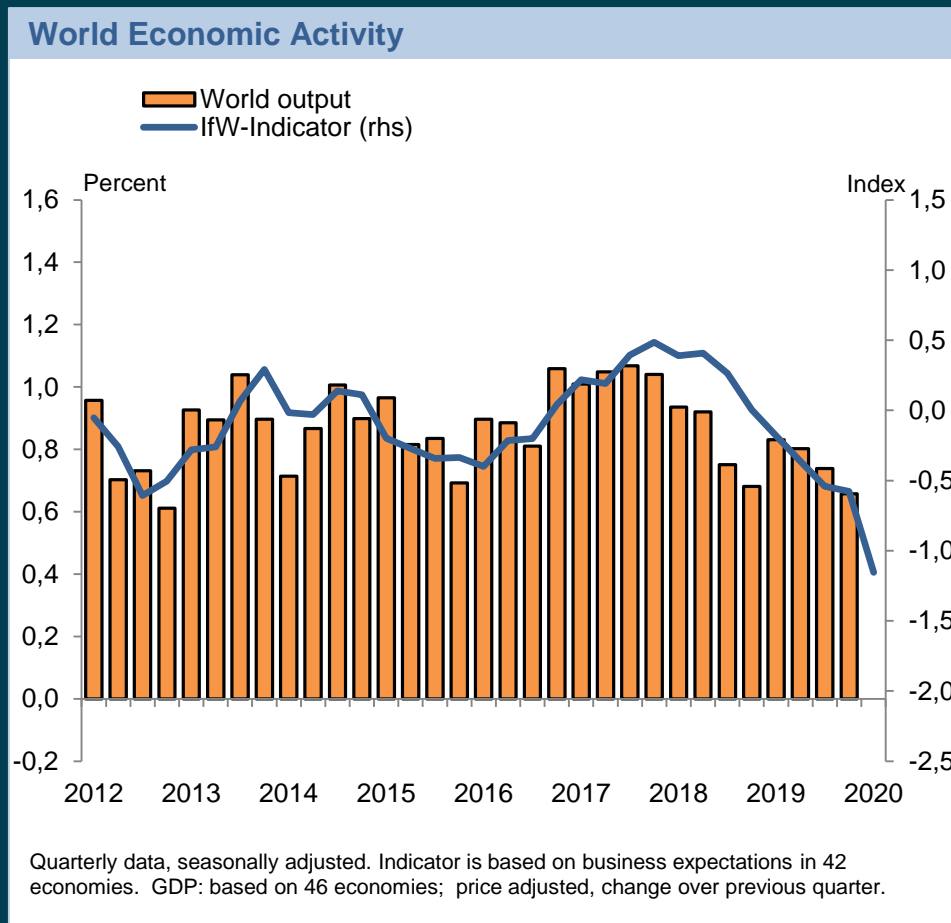
Global Economic Outlook in difficult times

Global Economic Outlook in difficult times (1)

Economic sentiment has dropped globally to levels indicating recession – Quick rebound in China is an exception

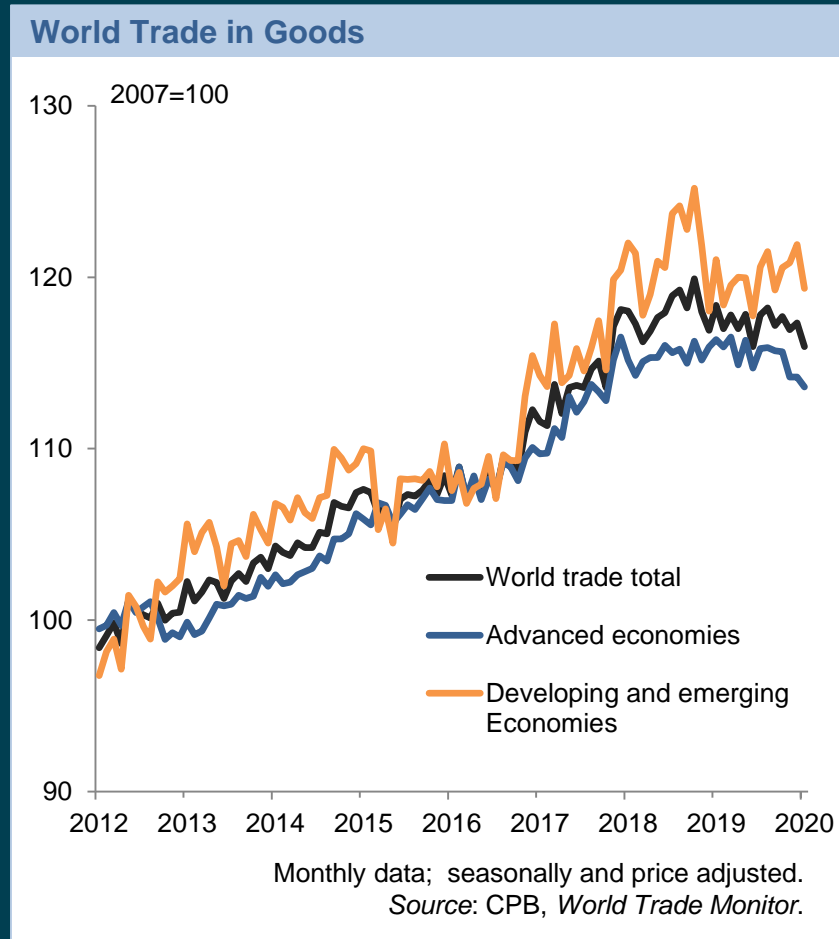


CoVid-19-shock hits the global economy in a situation of already sluggish growth



- **World output growth** has been **decelerating** during **2019**
- 2019Q4: **Sluggish growth** in especially in the **advanced economies, tentative signs** of improvement in **emerging economies** led by **China**
- Global **industrial production** picked up

Persistent weakness in world trade



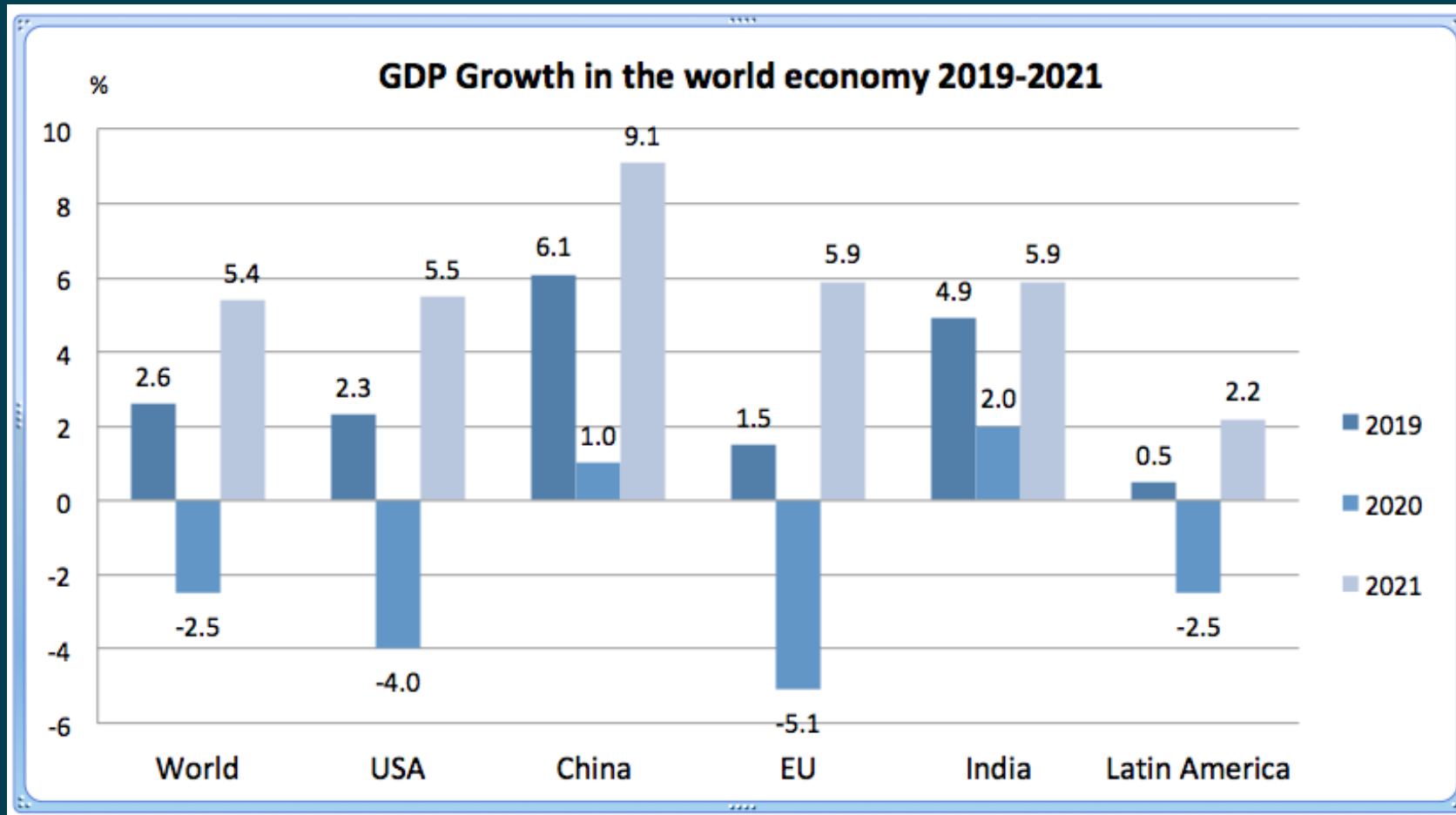
- **World goods trade is sluggish** since **early 2018** partly reflecting increased **trade tensions**
- **-0.4 percent** annual growth in **2019**, according to **CPB** figures
- Further **deceleration** at the beginning of **2020** before **CoVid-19**
- **Sharp drop in world trade** expected as a **consequence** of the **current crisis**

Outlook: Crisis and recovery

- Measures to contain **CoVid-19** are **slowing** the **economy dramatically** in an increasing number of countries (**US, Europe, increasingly also in emerging economies**)
- **Huge amount** of **monetary and fiscal** support underway
- **Baseline (and optimistic) assumption: Successful containment** and **gradual easing** normalization of **economic activity** after a few weeks → **V-shaped recovery**
- **Severe** and more **persistent negative impact** on **tourism**
- Risk cases:
 - **Longer period** of **containment measures** necessary → **U-shape**
 - New **wave** of **CoVid-19** later in the year → **W-shape**
- Other macro risks:
 - **Increased risk premia** in **capital markets** and **capital outflows** from **emerging economies**
 - Collapse in **oil prices** is a **two-sided sword**

Global Economic Outlook in difficult times (5)

Outlook in numbers: Recession in 2020 seems almost unavoidable





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F-WEB Special on the Coronavirus Pandemic

World FZO Research in collaboration with Kiel Institute for the World Economy

- **Business Excellence and Economic Contribution (BEEC) Survey**
 - World FZO's free-of-charge annual survey open to all Free Zones around the globe.
 - Collecting data on the regulatory framework, incentives and economic developments in Free Zones.
 - Optional: Izdihar („Prosperity“) Index journey that helps Free Zones fulfill their own potential.
 - For more information on the BEEC and to participate, please visit: www.izdihar.worldfzo.org

Results of the 2019 round of BEEC will be published next week in the

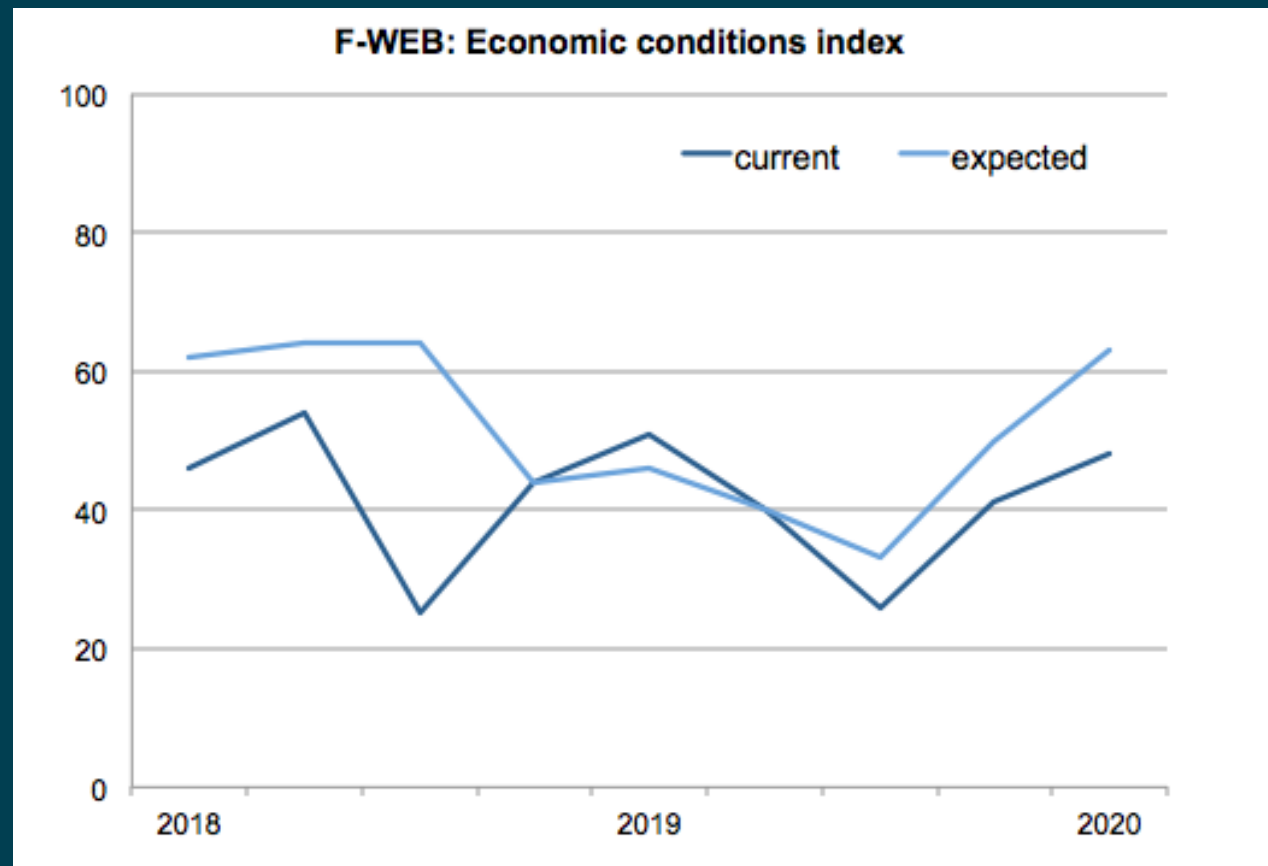
World Free Zones Outlook Report

World FZO Research in collaboration with Kiel Institute for the World Economy

- **Free Zones World Economic Barometer (F-WEB)**
 - **Quarterly**, survey-based **sentiment indicator** especially for Free Zones.
 - Based on **qualitative**, easy-to-answer questions (max. 10 minutes!).
 - Benefits of regular **participation**:
 - Get preferential access to a **detailed report of the results**.
 - Evaluate the relative **performance** of your **Free Zone**.
 - Next regular survey scheduled for **May (better evaluation of effects of pandemic possible by then!)**
 - If you do not yet receive invitations to the F-WEB, please email: **FWEB.worldfzo@ifw-kiel.de**.
 - For past F-WEB Reports and more information please visit: **www.worldfzo.org**.

World FZO Research (3)

World FZO Research in collaboration with Kiel Institute for the World Economy



The F-WEB Special Survey on the Coronavirus Pandemic

- **Survey** conducted between **March 23 and April 2**.
 - **75+ Free Zones from around the world shared their assessment.**
- Three qualitative questions to get first insights on effects of coronavirus pandemic:
 - Is activity in your Free Zone currently affected by the economic impact of coronavirus pandemic?
 - Do you **expect** activity in your Free Zone to be affected by the coronavirus pandemic in the coming months?

Possible answers for both questions: not really – to some extent – substantially

- By which **channels** is or will activity in your Free Zone likely be affected? *(select all that apply)*

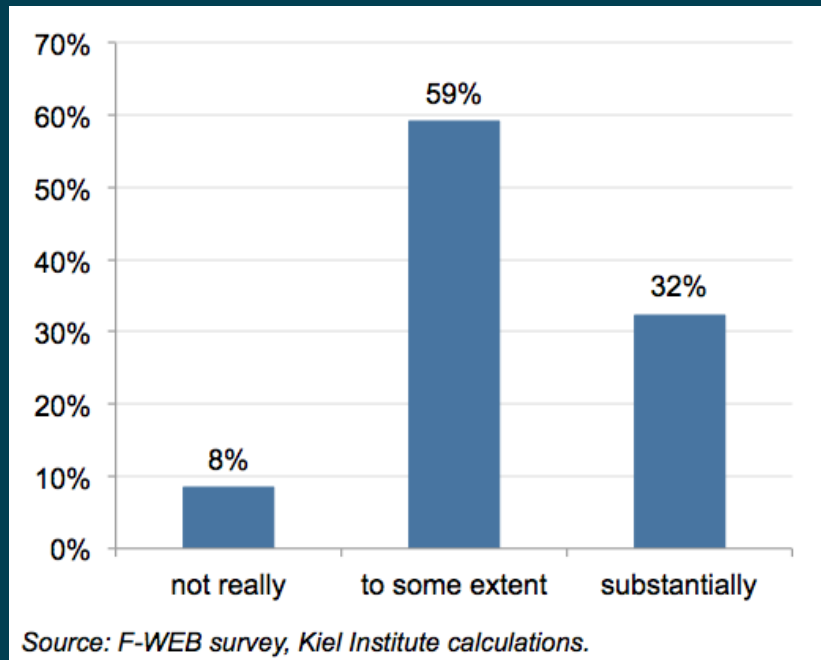
Limitations to activity due to measures to contain the virus – Loss of business due to drop in demand –

Production problems due to supply chains – Deterioration in the financial environment

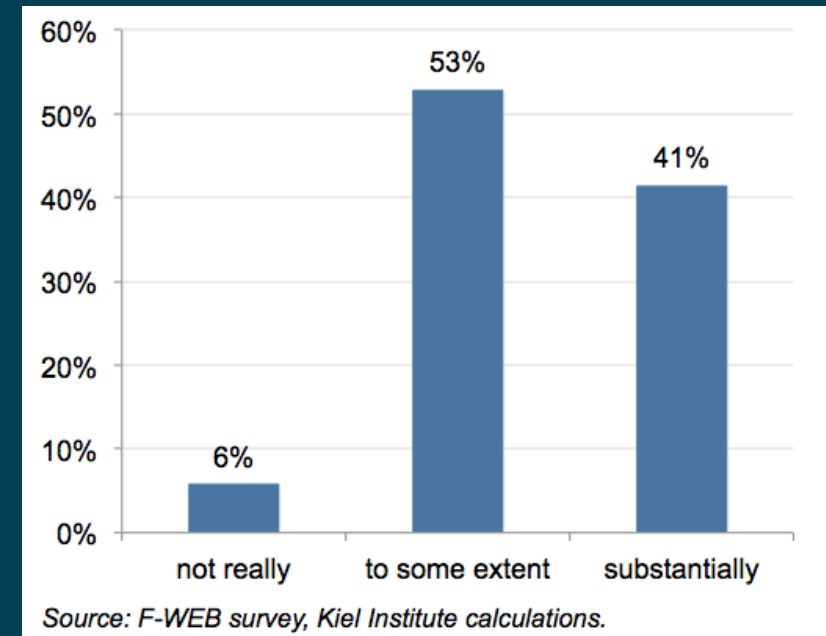
F-WEB Special on Coronavirus Pandemic (2)

Free Zones are already significantly affected by the pandemic and expect the situation to worsen over the coming months

Is activity in your Free Zone currently affected by the economic impact of coronavirus pandemic?



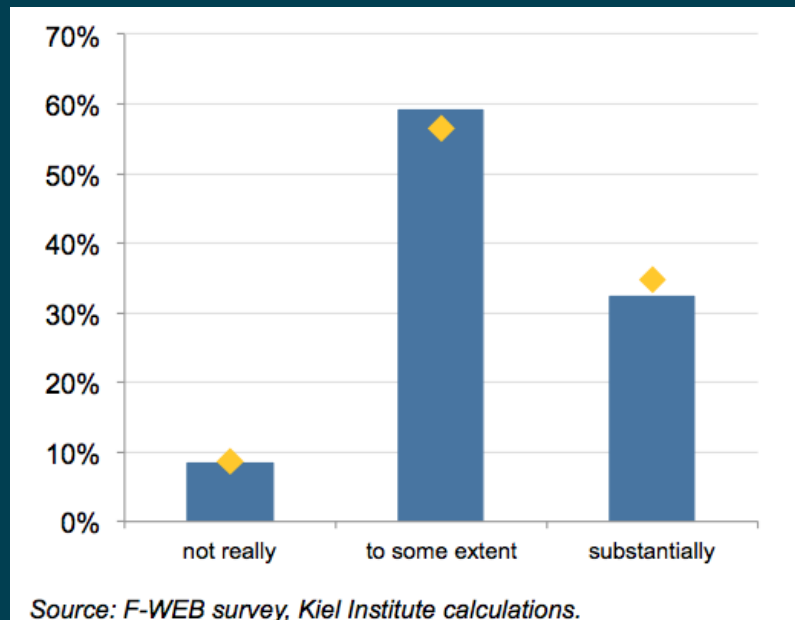
Do you expect activity in your Free Zone to be affected by the coronavirus pandemic in the coming months?



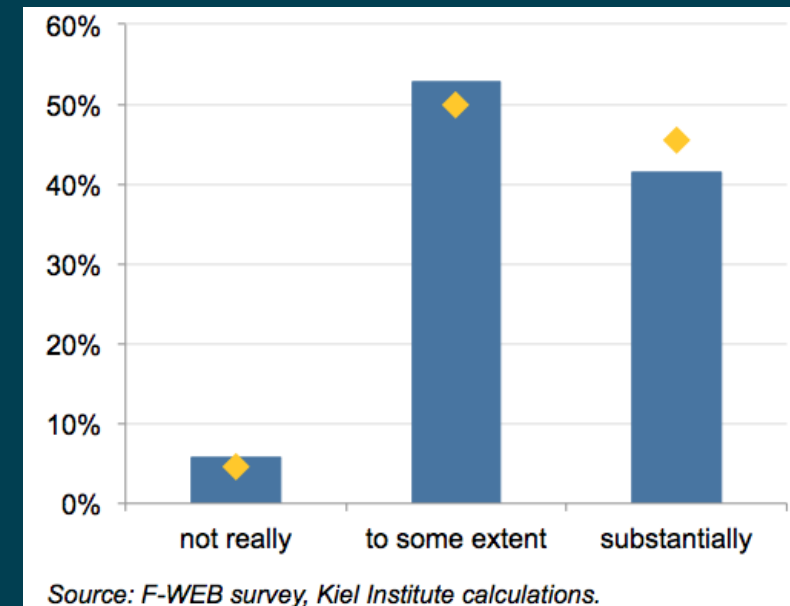
F-WEB Special on Coronavirus Pandemic (3)

The picture in Latin America is similar to the rest of the world

Is activity in your Free Zone currently affected by the economic impact of coronavirus pandemic?

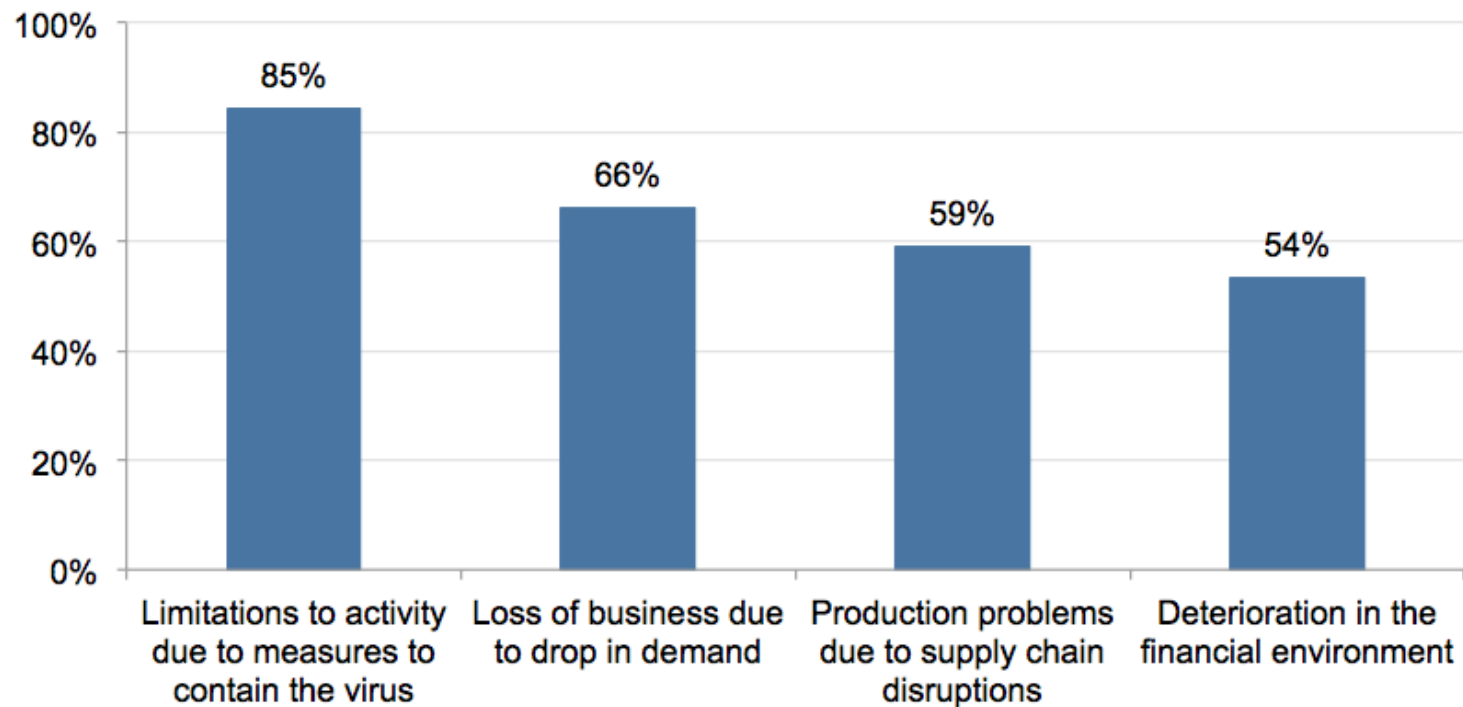


Do you expect activity in your Free Zone to be affected by the coronavirus pandemic in the coming months?



Negative effects materialize through various channels

By which channels is or will activity in your Free Zone likely be affected?

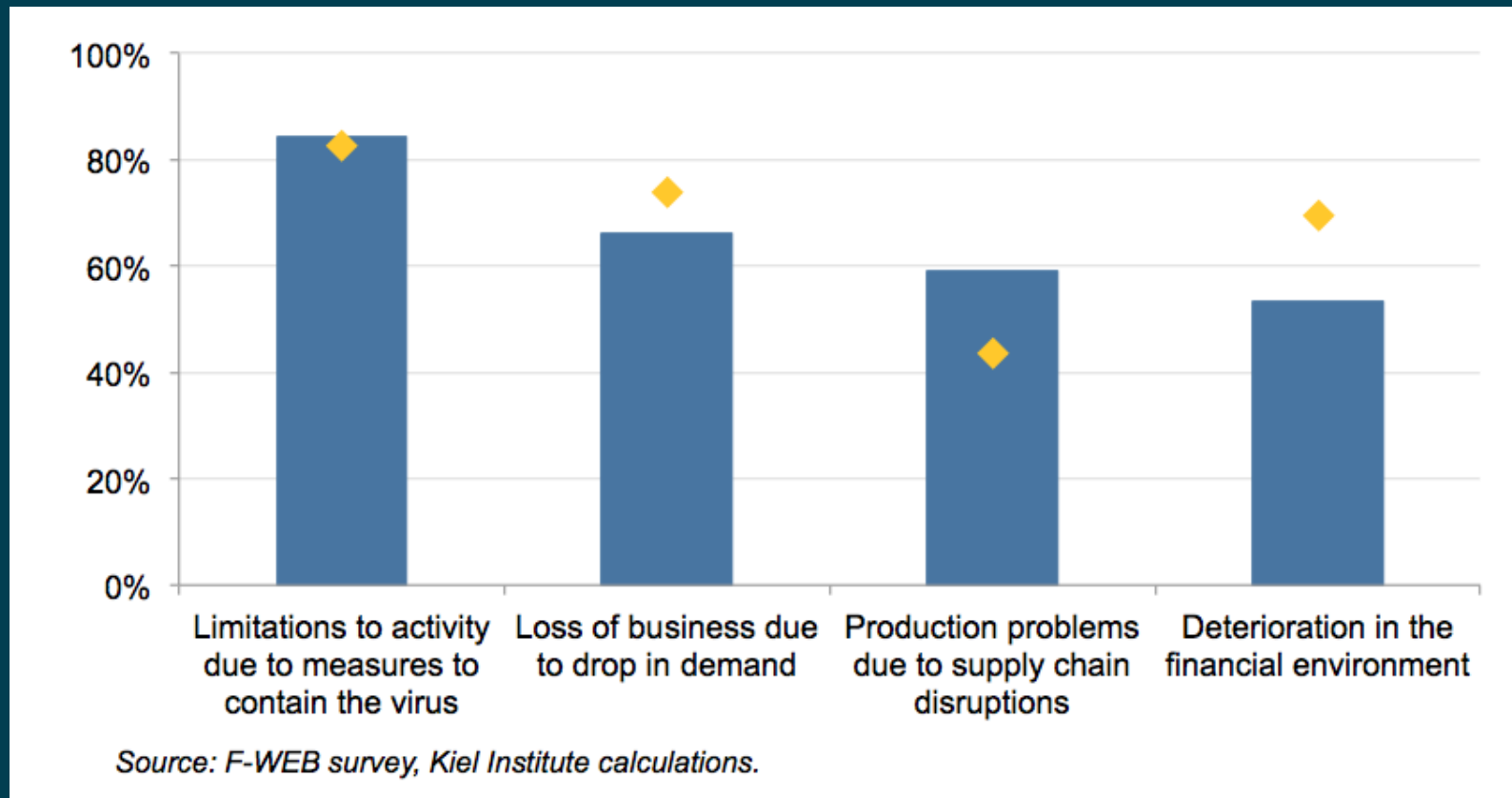


Source: F-WEB survey, Kiel Institute calculations.

F-WEB Special on Coronavirus Pandemic (5)

Latin American Free Zones are more affected through the demand and financial channel and less through GVCs

By which channels is or will activity in your Free Zone likely be affected?



THANK YOU

