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13 April 2021

Foreign aid for development from official donors rose to an all-time high of USD 161.2 billion in 2020, up 3.5% in real terms from 2019, boosted by efforts to help developing countries address COVID-19. Still, this total came to only 1% of the amount countries have mobilised in stimulus measures for their own economies, preliminary data show.

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23/03/2021 – Creating an emergency Rapid Response Forum to ensure global supplies of essential goods continue to flow during major international crises is one of a broad range of recommendations contained in a new OECD report to the G7 on building economic resilience.

[Fostering Economic Resilience in a World of Open and Integrated Markets](#) says the devastating impacts of the Global Financial Crisis and now the COVID-19 pandemic will continue to leave lasting scars on our economies and societies. With the risk of other systemic threats on the horizon – starting with climate change but also spanning security threats, including cyber attackss –

it is critical to learn the lessons of these and previous crises in order to tackle the vulnerabilities of our economic system, absorb shocks and engineer a swift rebound.

Ensuring the resilience of global supply chains of essential goods is crucial, the report says. An emergency Rapid Response Forum would provide G7 and other governments with a means of upstream policy co-ordination and, particularly, consultation ahead of the imposition of any trade restrictions. Such an initiative could also prepare timely co-operation on logistics, transportation, procurement, planning and communication.

Commissioned by the UK government, which is currently holding the G7 presidency, the OECD report underlines the need for governments to co-operate both with the private sector through, for instance, supply chain stress tests and emergency planning, and with other countries to boost transparency, discipline export restrictions and adhere to international regulation and standards.

The report says the COVID-19 crisis has caused a huge surge in demand for certain goods, notably in the health and information technology sectors but argues that global supply chains have been part of the solution. After shortages of masks and personal protective equipment, in particular at the beginning of the pandemic, both global production and trade of facemasks later increased tenfold to meet demand.

Strategies based around a reliance on domestic production are unlikely to ensure supply of essential goods and can remove important risk management options such as the diversification of sourcing, the report says. Although temporary scale-up of domestic production for essential goods could be explored as a risk management strategy, reliance on domestic production is not cost-effective nor feasible for strained health budgets, especially for lower income countries, which are almost entirely dependent on global markets to source medical products related to COVID-19. Global supply can allow products to be sourced from the most efficient and cost-effective supplier and enable access to more and different varieties of medical products, ensuring that future surges in global demand are fully met.

Presenting the report alongside Lord Sedwill, chair of the G7 Panel on Economic Resilience, OECD Secretary-General Angel Gurría said: "As we have seen in the past decade alone, in today's interconnected world, shock events can quickly cascade across borders and economic sectors, and have devastating effects on people's lives, jobs and opportunities, and on their trust in governments, institutions and markets."

"Building economic resilience in the face of future shocks is a global challenge for the post-COVID world. For global markets and supply chains to serve as a source of resilience, governments and the public need to have the confidence that markets are and will remain open and fair, including during times of stress."

Lord Sedwill said: "The unprecedented impact of the covid pandemic on the global economy has highlighted issues of resilience, arising from the growth

of monopolies, geopolitical trade tensions, global economic governance falling behind innovation and technology, and the supply of the critical elements essential to the future economy. In response, we should renew our common purpose and commitment to open, well-regulated global markets which promote the green transition, inclusive growth and economic resilience as we build back better.”

The report looks at how to build resilience in global markets, including by reducing distortions and promoting a level playing field for competition, trade and investment. Ensuring global markets are reliable and predictable includes ensuring access to critical raw materials. This calls for enhanced co-operation to develop international agreements for stronger monitoring, notification and disciplines on export restrictions on critical raw materials, promoting responsible sourcing and increasing circularity in this sector. Tackling harmful practices that undermine trust such as foreign bribery is also key.

The OECD proposes governments revise their risk management policies and frameworks to ensure a systemic all-hazards-and-threats approach to resilience with international co-operation playing a central role. This could be supported by a comprehensive evaluation of the lessons learnt from the COVID-19 crisis, including benchmarking and comparison of national preparedness responses.

The OECD says emerging technologies, particularly digitalisation, can contribute to boosting resilience through prevention, absorption and recovery capabilities but can also pose threats. Among its recommendations, the report says governments could strengthen the responsiveness of innovation systems to global policy challenges, reconsidering the way they are organised, structured and financed. It also proposes linking support for innovation more closely to broader public policy objectives and improving international collaboration on emerging technology governance, including by moving towards smarter and more agile regulation.

For further information, journalists are invited to contact the OECD [Media Office](#) (tel. +33 1 4524 9700)

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COVID-19: OECD report to G7 points to need to strengthen economic resilience against crises

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[Economy: Faster vaccine rollout critical for stronger recovery](#)

09/03/2021 –

[Watch the live webcast of the press conference](#)

A global economic recovery is in sight but a faster and more effective vaccination rollout across the world is critical, while respecting necessary health and social distancing measures, according to the [OECD's latest Interim Economic Outlook](#).

Activity in many sectors has picked up and adapted to pandemic restrictions over recent months. Vaccine deployment, although uneven, is finally gaining momentum and government fiscal stimulus – particularly in the US – is likely to provide a major boost to economic activity.

But the pandemic is widening gaps in economic performance between countries and between sectors, increasing social inequalities, particularly affecting

vulnerable groups, and risking long-term damage to job prospects and living standards for many people.

The Interim Economic Outlook calls for ramping up vaccination, for swifter, more targeted fiscal stimulus to foster output and confidence, and to maintain income support for people and businesses hard hit by the pandemic while preparing the ground for a sustainable recovery.

“Speed is of the essence,” said OECD Secretary-General Angel Gurría. “There is no room for complacency. Vaccines must be deployed faster and globally. This will require better international co-operation and co-ordination than we have seen up to now. It is only by doing so that we can focus our attention on building forward better and laying the foundations for a prosperous and lasting recovery for all.”

The OECD sees global GDP growth at 5.6% this year, an upward revision of more than 1 percentage point since its projection in December 2020, and 4% in 2022. World output is expected to reach pre-pandemic levels by mid-2021 but the pace and duration of the recovery will depend on the race between vaccines and emerging variants of the virus.

The outlook for global growth would be better than currently projected – and approach pre-pandemic projections for activity – if the production and distribution of vaccines accelerates, is better co-ordinated around the world and gets ahead of virus mutations. This would allow containment measures to be relaxed more rapidly. But if vaccination programmes are not fast enough to cut infection rates or if new variants become more widespread and require changes to current vaccines, consumer spending and business confidence would be hit.

In the OECD’s central scenario, US growth is projected to be 6.5% in 2021, an upward revision of more than 3 percentage points since December, partly reflecting the large-scale fiscal stimulus now planned with a sustained pace of vaccination. This also helps to lift output around the world. In the euro area, where the level of fiscal stimulus is lower and vaccine rollout slower, the Interim Economic Outlook sees GDP rising 3.9%, a 0.3 percentage point upward revision.

Prospects are brighter in the Asian-Pacific region where several countries have effectively contained the virus and where industrial activity has regained dynamism. In China, GDP growth is projected to be 7.8% this year; in Japan 2.7%; in Korea 3.3%; and in Australia 4.5%.

The recovery is likely to be more moderate in the emerging market economies of Latin America and Africa amid a resurgence of the virus, slow vaccine deployment and limited scope for additional policy support.

Presenting the Interim Economic Outlook today, OECD Chief Economist Laurence Boone said vaccination programmes and stimulus measures should work hand in hand.

“Widespread vaccination of the adult population is the best economic policy

available today to get our economies and employment growing again,” she said. “If we are at war with the virus then we need to put vaccine production on a war footing, provide the necessary resources and speed up deployment across the world.”

“If we don’t get enough people vaccinated quickly enough to allow restrictions to be lifted, the recovery will be slower and we will undermine the benefits of fiscal stimulus,” she added.

The improved prospects of a global recovery have led to financial market expectations of higher inflation although the Interim Economic Outlook says underlying price pressures generally remain mild in advanced economies. In emerging market economies, inflation could rise further. Public debt levels have risen sharply almost everywhere, but debt-servicing costs in most OECD economies continue to benefit from very low interest rates protecting fiscal sustainability.

The report says the vital support provided by governments to preserve jobs and businesses should remain in place while economies are still fragile and hampered by containment measures. Particular attention needs to be paid to supporting young people and the less skilled to avoid a repeat of the long-term damage caused to the job prospects of these vulnerable groups after the financial crisis of 2008.

For the full report and more information, visit the [Interim Economic Outlook online](#). See OECD spotlight on [the race to vaccinate](#). Other OECD policy responses to the pandemic are available on the [COVID-19 hub](#).

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