

Economic Impact of ChickV and Ebola on the Jamaican Economy



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Overview



- Global economic impact of Ebola and ChickV
- How does health epidemic affect economies
- Potential economic impact of ChickV
- Potential economic impact of Ebola
- What needs to be done

Map of International Air Travel



Global Economic Impact



World Bank Report: *The economic impact of the 2014 Ebola epidemic - short and medium term estimates for West Africa (Oct 7, 2014)*

	Liberia	Sierra Leone	Guinea
GDP Impact	3.4% (from 5.9% to 2.5%)	3.3% (from 11.3% to 8.0%)	2.1% (from 4.5% to 2.4%)
Fiscal Impact	US\$113M or 5.1% of GDP	US\$95M or 2.1% of GDP	US\$120M or 1.8% of GDP

Global Economic Impact



Other considerations from World Bank Report:

- If epidemic spreads to neighbouring larger economies, cumulative impact could reach US\$32.6 billion by end 2015 - 2.5 times economies of all 3 countries
- Estimates do not consider longer term impact from mortality, failure to treat other health conditions from e.g. resource constraint, school closings and dropouts, and other productivity impacts

Possible economic impact of health epidemics

Contained in West Africa (possible impact on these economies mainly)	Not contained (impact will be Global)
Trade impact - deficits (will get aid but not sufficient)	International trade reduced
Travel declines to West Africa	International travel reduced
Receive US\$ millions in aid, insufficient to make up for GDP decline	US\$ billions spent in aid and recovery efforts
Long term productivity impact- fiscal and GDP impact	Long term global productivity impact - fiscal and GDP impact
Humanitarian crisis	Humanitarian crisis including mass migration
	Capital markets stalled and decline
Recessionary impact	Recessionary impact, especially in vulnerable economies

Jamaica Potential ChickV economic impact

- Estimate GDP impact of J\$6.6 billion (0.51% of GDP) from 12.7 million man hours potential loss:
 - Assumes 50% of workforce affected
 - Assumes 7 hour work day
 - Assume GDP hourly rate of J\$520
- Does not consider health care cost impact and effect on balance of payments and individual spending power

Jamaica potential Ebola economic impact

- Potentially more severe impact than ChickV
- Cost of preparation and cost of dealing with one patient alone is significant. Requires significant costs
- Cost of tracking persons interfaced with e.g. cost Nigeria US \$10M to track 900 people as result of only 20 cases
- Potential impact includes:
 - GDP and fiscal impact could be severe
 - Tourism earnings, which is main FX earner
 - BOP impact

Jamaica Ebola impact



- Assume 2.5% of GDP = J \$32.5 billion, which would be significant loss
 - Fiscal revenues impacted by approx J\$8.5 billion
 - Direct costs to track and treat any case will run J\$ Millions and billions for multiple cases
 - Fiscal targets and economic programme threatened
 - Social challenges
 - Spending power and local businesses impacted
 - Health and other sector resources diverted from normal activities - increased human and other resources needed
- Current and future economic and social

Minimising economic impact of health epidemics



- Best option is to prevent it from spreading to other countries
 - Containment and resolution in West Africa
 - Strong border control for countries
- Central effective management and accountability - must be taken out of bureaucracy of public sector
- Effective PR and communication
- Effective rapid response and health structure
- Adequate resources
- Cuba trip - lessons learned:

➤ information and response system must be comprehensive

Conclusion



- Border control and prevention is preferred least cost - social and economic -option for small, vulnerable, and tourist dependent countries
- Any introduction of Ebola would have significant direct fiscal and economic costs, and incorrect handling even more significant costs, especially tourism impact
- Cuba trip showed that our present structure is not ready as yet, but that we are putting in place structures but that it needs to have certain characteristics
 - Central management and executive powers
 - Rapid response team
 - Everything needs to be in place like insurance even though it never arrives
 - Best resources must be at border control