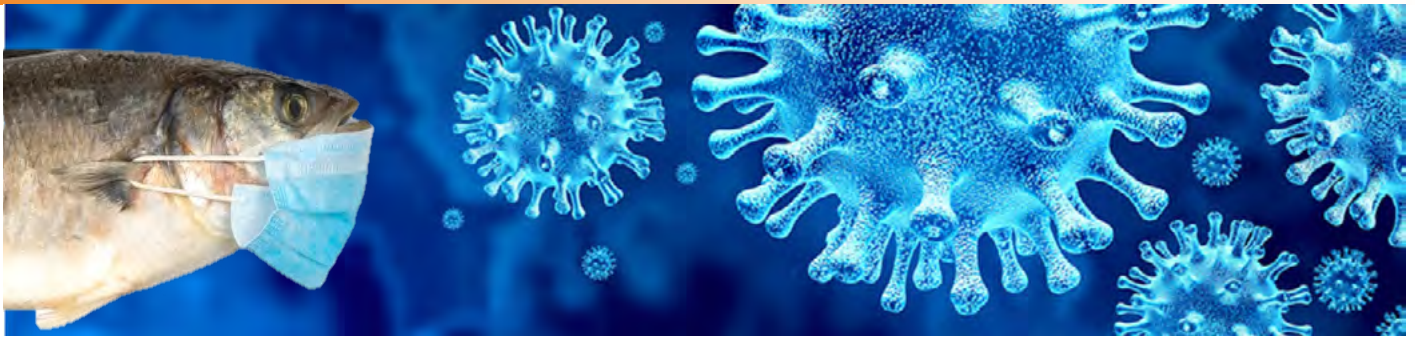


PEOPLE AND ECONOMIC ACTIVITY



Source: <http://www.fao.org/in-action/globefish/news-events/details-news/ru/c/1268337/>

ECONOMIC ACTIVITIES AND COVID-19

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SYLLABUS LINKS

- Factors explaining the nature, spatial patterns and future directions of an economic activity (BEESTOP)
- Internal and external linkages of an economic enterprise
- Effects of global changes in the activity on an economic enterprise.

ACTIVITY 1: Is your economic activity a winner or loser?

Study Source A: 'DECODING THE ECONOMICS OF COVID-19'

- Identify the area of production in which your economic activity falls.
- Do you agree that your activity is correctly categorised as a short-term winner OR loser in the COVID-19 pandemic? Justify your answer.
- Choose ONE potential winner and ONE potential loser (not your own activity) and suggest how COVID-19 would have positively or negatively impacted that activity.

Extension: Research evidence or provide anecdotal evidence to support your suggestion.

SOURCE A: Winners and losers



Source: Alamy stock photos

ECONOMIC ACTIVITIES AND COVID-19

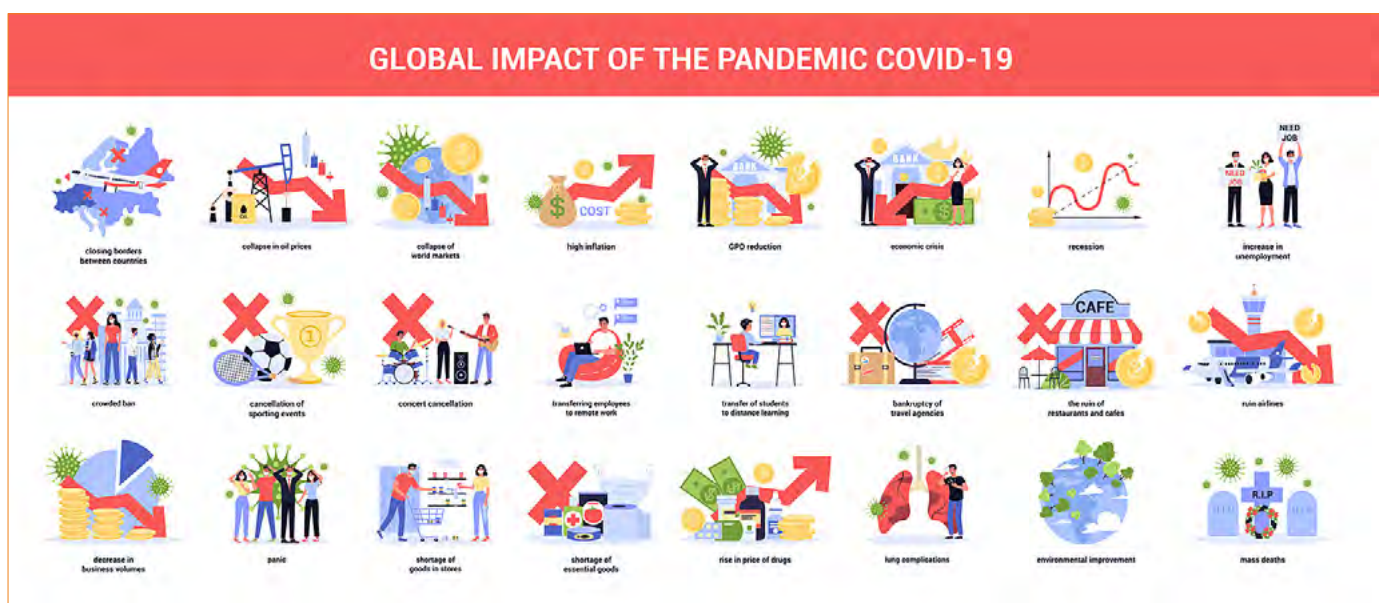
ACTIVITY 2: How has Covid-19 impacted activities globally?

Study Source B: 'GLOBAL IMPACT OF THE PANDEMIC COVID -19'

Use the relevant worksheet in the Edition 3 Supplement

- Beside each image on the activity worksheet add the letters EC (Economic), EN (Environmental) or S (social) to identify the impacts of COVID -19.
- Select four of impacts on the infographic that are relevant to the global economic activity you studied and that you can elaborate on in the text bubbles on the worksheet.
- Create a consequence diagram to illustrate how one impact has a flow on effect for an economic activity.

SOURCE B: Global impact of Pandemic Covid-19



Source: Shutterstock

ACTIVITY 3: How has COVID -19 impacted on your economic activity and enterprise?

'The Great Lockdown: the global economic impact of COVID-19' states that businesses will suffer adversely due to Covid-19 through changes to demand, supply chains, financial impacts and impacts external to business activities.

See Source D

According to *Deloitte Insights* (Source E) COVID-19 will impact on economic activities in three ways:

- Directly impacting on production
- Disrupting supply chains and markets
- Financial impacts

Refer to Sources D, E and F to complete the relevant worksheet in the Edition 3 Supplement

- In Column 1 list potential impacts of Covid-19 on economic activities
- In Column 2 outline if and how each impact has affected the economic activity you studied
- In Column 3 outline if and how each impact has affected the economic enterprise you studied

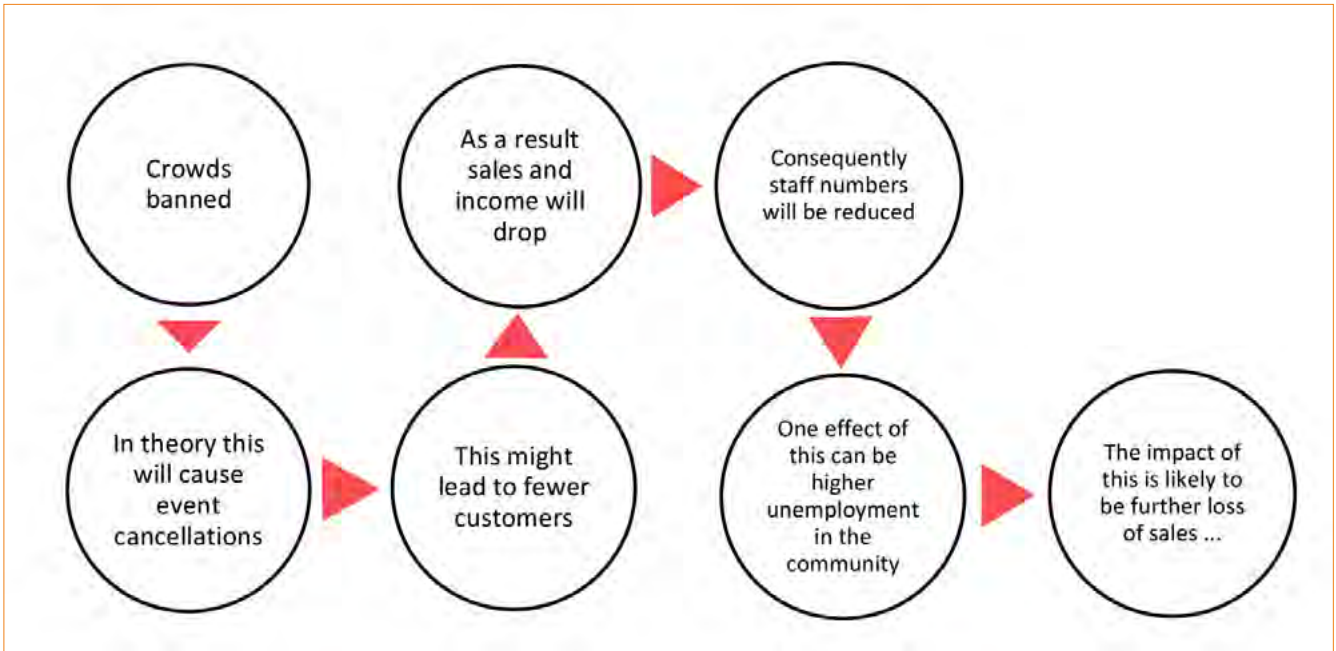
Sources A, B and C and associated activities are included in the PPT that supports this Edition.

ECONOMIC ACTIVITIES AND COVID-19

ACTIVITY 4: Develop your reasoning skills to explain or predict COVID-19 impacts

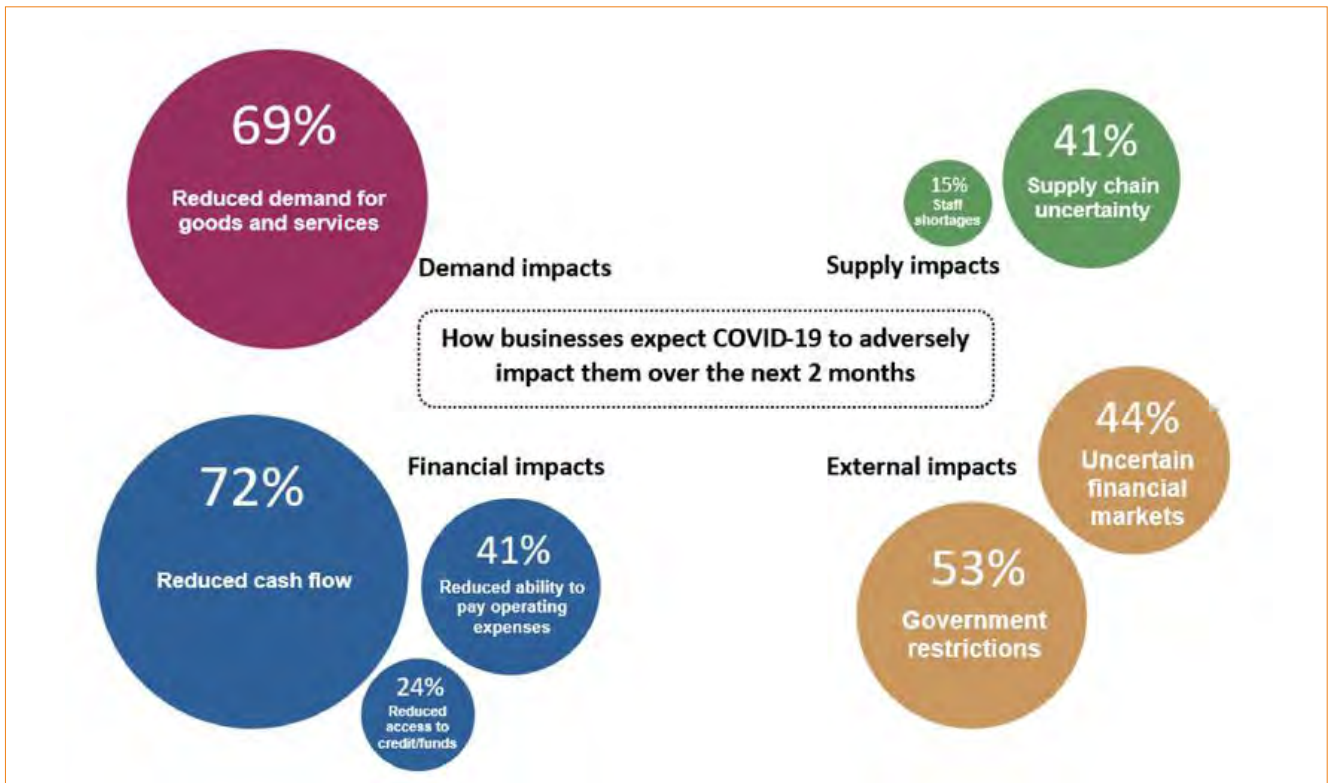
Create 'chains of reasoning' to illustrate the consequences of TWO impacts of COVID 19 on your **economic enterprise**. Use **Worksheet 3 in the Edition 3 Supplement**.

SOURCE C: Sample 'Chain of reasoning' for a microbrewery offering functions and weekend entertainment.



Created by L Chaffer.

Source D: Impacts of COVID-19



Source: Wine Australia https://www.wineaustralia.com/news/market-bulletin/issue-203?utm_source=DWN&utm_campaign=fae08b21c9-DWN_CAMPAIGN_MAY_2020_COPY_01&utm_medium=email&utm_term=0_1787000e4c-fae08b21c9-223178105

ECONOMIC ACTIVITIES AND COVID-19

SOURCE E: Economic Impacts of COVID-19

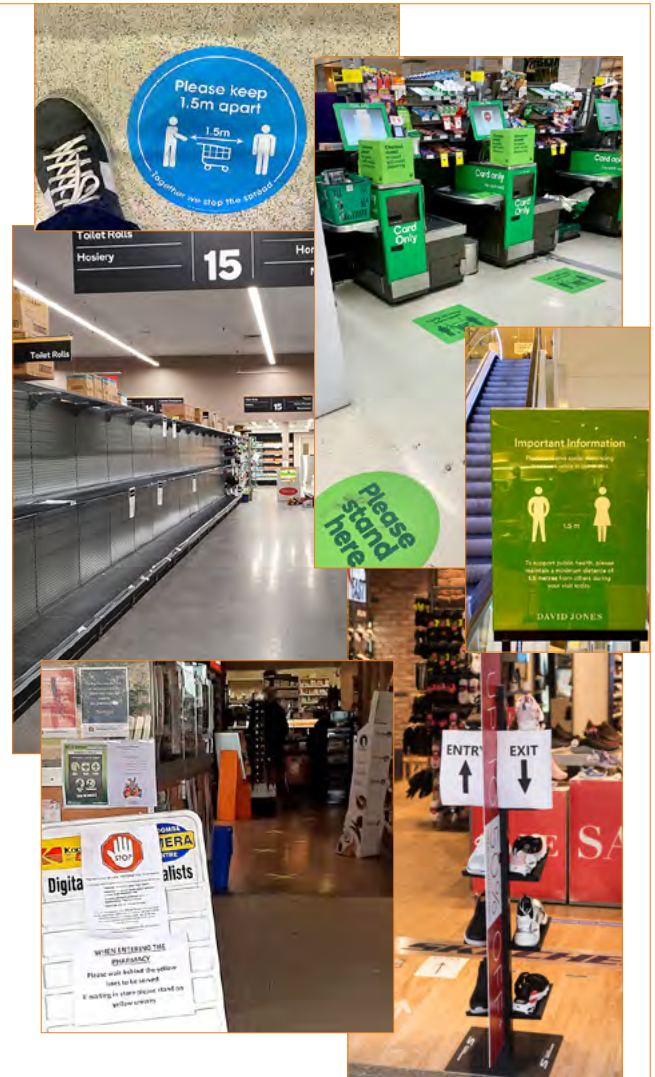
EXTRACT from 'The economic impact of COVID-19 (novel coronavirus)'

COVID-19 could affect the global economy through:

Direct impact on production. Chinese production has already been substantially affected by the shutdown in Hubei province and other areas. Some other countries are also beginning to feel a direct impact as their authorities put in place similar measures.

The slowdown in China has effects on exporters to China. China's largest sources of imports are Korea, Japan, and other Asian countries, according to the World Bank. Thus, even without new outbreaks of the disease, these areas will likely experience slow growth in the first half of 2020.

Supply chain and market disruption. Many manufacturing firms rely on imported intermediate inputs from China and other countries affected by the disease. Many companies also rely on sales in China to meet financial goals. The slowdown in economic activity—and transportation restrictions—in affected countries will likely have an impact on the production and profitability of specific global companies, particularly in manufacturing and in raw materials used in manufacturing. For companies that rely on intermediate goods from affected regions, and that are not able to easily switch sourcing, the size of the impact may depend on how quickly the outbreak fades. Small and medium-sized firms may have greater difficulty surviving the disruption. Businesses tied to travel and tourism are facing losses that are likely not recoverable.



Deloitte Insights. Source: <https://www2.deloitte.com/us/en/insights/economy/covid-19/economic-impact-covid-19.html#>. Montage images: Wikimedia Commons



Image source: https://commons.wikimedia.org/wiki/File:Canberra_Coronavirus_Field_Hospital_June_2020.jpg

SOURCE F: Examples of COVID-19 impacts on economic activity



Viticulture

'The International Wine and Spirit Record (IWSR) is predicting that the current recession will have a much longer lasting impact on the global drinks industry than the GFC. There are similarities in consumer behaviour between the two time periods, such as increased at-home consumption and consumption at the lower end of the price spectrum. However, the differences include on-trade consumption practically ceasing altogether and the lack of international travel. They also forecast that the effects of the economic downturn will be worse for beer, the consumption of which is heavily dependent on the on-trade, sports fixtures, festivals, and events.'

IWSR's most recent data release predicts a decline of 13 per cent in wine consumption globally in 2020, falling by 3.2 billion litres to 20.9 billion litres. The forecast recovery is slow; an average growth rate of just 3 per cent per annum to reach 23.3 billion litres by 2024. For context, global wine consumption in 2019 was estimated to be 24.1 billion litres.'

<https://www.wineaustralia.com>

'With cellar doors and on-premise outlets closed, and consumers making fewer trips out to 'bricks and mortar' retailers, both consumers and wine producers have little choice but to focus on e-commerce. This trend had already started in Australia following the bushfires.'

<https://www.wineaustralia.com/news/market-bulletin/issue-196>

Image source: https://commons.wikimedia.org/wiki/File: Bottle_shop_in_Brisbane,_Queensland.jpg

Aquaculture

'Fish and fish products that are highly dependent on international trade suffered quite early in the development of the pandemic from the restrictions and closures of global markets, whereas fresh fish and shellfish supply chains were severely impacted by the closure of the food service sectors (e.g. hotels, restaurants and catering facilities, including school and work canteens). The processing sector also faced closures due to reduced/lost consumer demand. This has had a significant impact, especially on women, who form the majority of the workforce in the post-harvest sector.'

The lockdowns implemented by some countries have resulted in logistical difficulties in seafood trade, particularly in relation to transportation and border restrictions. The salmon industry, in particular, suffered from increased air freight costs and cancellation of flights.'

Some shortages of seeds, feeds and related aquaculture items (e.g. vaccines) have also been reported, due to restrictions on transportation and travel of personnel, with particular impacts on the aquaculture industry.'

<http://www.fao.org/2019-ncov/q-and-a/impact-on-fisheries-and-aquaculture/en/>



Image source: https://commons.wikimedia.org/wiki/File:CSIRO_SciencImage_199_Measuring_Western_Rock_Lobster_Catch.jpg

ECONOMIC ACTIVITIES AND COVID-19

Coffee

'About 80% of the coffee in the world is produced by 25 million small farmers, and 125 million people depend on the collection activity for their livelihood. Even before this crisis, the lack of investment in modernization and the impact of climate change represented serious risks for the sustainability of the sector.

Medium and small farmers were already having difficulty covering operating costs. The decrease in prices in recent years has made their livelihood increasingly difficult. For example, Brazil, the main coffee-producing country, has about 264,000 plantations of which 72% have an area of less than 20 hectares, 16% are between 20 and 50 hectares and 12% have over 50 hectares. The level of mechanization is low and about 70% of the coffee is handpicked by two million people employed seasonally.

The main risk is therefore the possible shortage of manpower due to the spread of the virus and the measures of lockdown'. The consequent delay or postponement of orders by consumer countries could cause the definitive closure of many farms with the consequent destruction of entire local coffee-based economies.'

<https://coffeebi.com/2020/05/11/covid-19-impact-of-the-pandemic-on-the-coffee-production-chain-part-1-production-international-trade/>



https://upload.wikimedia.org/wikipedia/commons/9/9c/DirkvdM_harvested_coffee.jpg



	FARMERS	EXPORTERS	COFFEE ROASTERS	BAR AND RESTAURANTS	CONSUMERS
Short Term	Shortage of manpower, postponement of order requests.	Shortage of staff / crew, fewer shipments and less container space.	Temporary closure of production, delays and blocking of deliveries, accumulation of stocks.	Business closures and limitations, takeaway and home deliveries, lack of liquidity.	Collapse of consumption outside the home, slight increase in consumption at home, increase in online orders.
Medium/Long Term	Monetary devaluations, investment reduction, closure of small operators, possible destruction of local economies.	Investment for personal safety and disinfection.	Closure risk for medium / small operators linked to away-from-home, postponement of investments.	Adjustment measures required, prolonged risk of reduction of space and customers.	Possible reduction of disposable income, reduction of consumption, particularly outside the home.

Source: COFFEEBI.COM

Source: <https://coffeebi.com/2020/05/13/covid-19-impact-of-the-pandemic-on-coffee-consumption-part-2/>



Chocolate

Two-thirds of the world's chocolate supply comes from West Africa, but the number of confirmed COVID-19 cases on the continent is now rising fast. The pandemic is exacerbating cocoa farmers' poverty, meaning they can't invest in proper protection from the virus.

This uncertainty and disruption in the supply chain could jeopardise the future of cocoa production, which is already suffering from the effects of climate change and deforestation.

<https://www.euronews.com/living/2020/06/19/could-chocolate-be-the-next-victim-of-the-pandemic>

Unsplash image by Etty Fidele @fideletty