

Committee: Economic and Financial Committee (GA2)

Issue: Balancing economic and environmental challenges in the COVID-19 pandemic aftermath

Student Officer: Dimitra Dimitrakopoulou

Position: Co-Chair

PERSONAL INTRODUCTION

Dear everyone,

My name is Dimitrakopoulou Dimitra and this year I will have the utmost honor and joy to be serving as the Co-Chair of the Economic and Financial Committee (GA2) in this year's DSTMUN Conference. I am currently 15 years old and a 10th grade student in the German School of Athens. I first started occupying myself with MUN in 8th grade as a part of my schools' MUN Club and by now I have participated in 6 conferences. When I first started my MUN career I didn't know much about politics and global affairs. However, being part of this community has really helped me to both evolve as a person and broaden my horizons. Through MUN I have had the chance to identify my strengths and weaknesses, as well as always keep myself updated on global problems.

As far as your preparation is concerned, the main purpose of this study guide is to help you understand and introduce you into one of our committees' topics, namely "Balancing the economic and environmental challenges of the COVID-19 aftermath". Therefore, it is incredibly important that you closely examine it apart from doing your own research.

I really hope that it will help you in your research and do not hesitate to contact me for any questions and send me an email at dimitradim0306@gmail.com.

I am looking forward to meeting you all!

Yours truly,

Dimitrakopoulou Dimitra

TOPIC INTRODUCTION

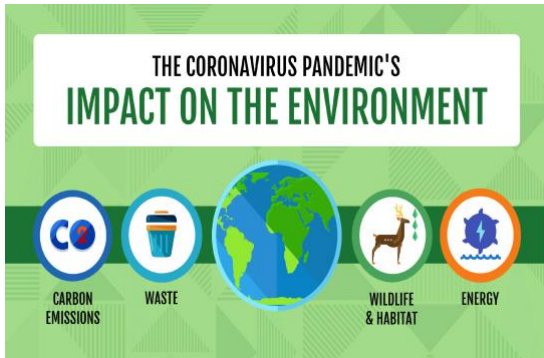


Figure 1: How the coronavirus pandemic impacted the environment

world.

The coronavirus pandemic, also known as COVID-19 first initiated in Wuhan, China. This was soon declared a “Public Health Emergency of International Health” by the World Health Organization. However, the pandemic outbreak is not only a public health crisis but has also had a huge impact on the environmental and the financial stability of countries around the world. When the amount of biomedical waste increased, recycling slowed down thus damaging the environment in the whole

The economy and the environment are two sides of the same coin. In the past, they have long been wrongly thought of as opposites. However, ecology and economy belong together. A healthy environment and the careful use of natural resources are prerequisites for long-term stable economic and social development. For many companies, climate protection opens up enormous export opportunities, as they offer a wide range of energy-saving and resource-saving technologies and products. This can strengthen a country’s leading position as an exporter of environmental technology. The connection between the environmental and financial aspect was hugely affected by the pandemic and led to a both environmental and economic downturn in many countries.

The use of safety equipment, such as gloves, masks or self-tests has had a great impact on the environmental situation of countries. There has been a huge increase in waste with that negatively affecting the climate and increasing the issue of climate change. A large number of biomedical waste is also being generated, meaning that there are four times more than normal days.

On the other hand, due to the lockdowns in many countries, the world economy has collapsed with many nations facing financial problems after the pandemic. It is estimated that the cost of the lockdowns in the world economy was 26 billion dollars per week, with the economic ranking of major countries falling downwards.

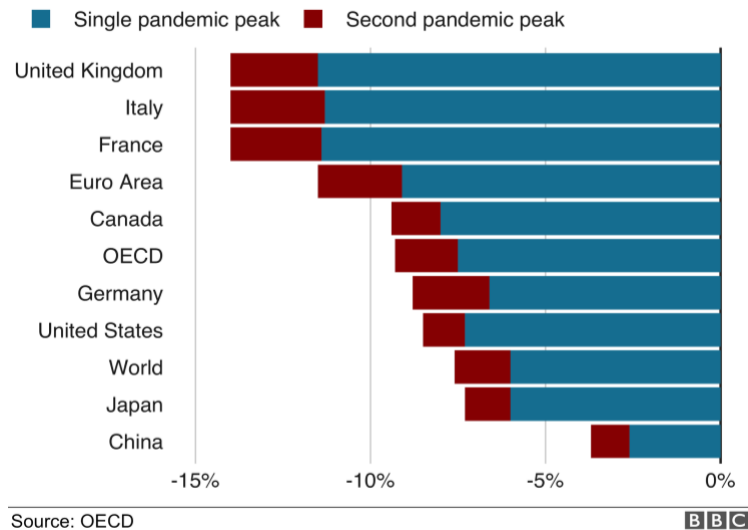


Figure 2: Statistics on the two pandemic peaks in different countries

DEFINITION OF KEY TERMS

Biomedical waste¹

“Biomedical waste, also known as infectious waste or medical waste, is defined as solid waste generated during the diagnosis, testing, treatment, research or production of biological products for humans or animals. Biomedical waste includes syringes, live vaccines, laboratory samples, body parts, bodily fluids and waste, sharp needles, cultures and lancets.”



Figure 3 and 4: Biomedical waste, a result of often use of medical equipment

Economic downturn²

¹Biomedical Waste Definition | Synonym". Classroom.Synonym.Com, 2021, <https://classroom.synonym.com/biomedical-waste-definition-12218207.html>

² "Surviving An Economic Downturn | Business Queensland". Business.Qld.Gov.Au, 2021, <https://www.business.qld.gov.au/running-business/protecting-business/risk-management/surviving-downturn>.



Figure 5: Statistic showing how the economy can easily fall apart

“An economic downturn is a general slowdown in economic activity over a sustained period of time. It can happen in a specific region or on a global scale. The main features of an economic downturn include rising unemployment, falling share and house prices, low consumer confidence and declining investment.”

World economy³

“World economy or also known as global economy are words that describe the economies of the world which we consider together as one economic system. It is also the system of trade and industry across the world that has emerged due to globalization. In other words, the way in which countries’ economies have been developing to operate collectively as one system.”



Figure 6: A globe representing the economy of all the countries around the world

Flourishing economy

A flourishing economy can be described as a successful, active, common and developing quickly economy.

³ "Global Economy - Definition And Meaning". *Market Business News*, 2021, <https://marketbusinessnews.com/financial-glossary/global-economy/>.

Financial stability⁴



Figure 7: An unreal picture, which stands for the financial instability

“Financial stability is defined in terms of its ability to facilitate and enhance economic processes, manage risks, and absorb shocks. Moreover, financial stability is considered a continuum: changeable over time and consistent with multiple combinations of the constituent elements of finance.”

GDP (Gross Domestic Product)⁵

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health.

BACKGROUND INFORMATION

The environmental aspect

When having to deal with a pandemic, it is expected that not only the health system of a country will be in a crisis situation, but also other aspects of our everyday lives will be disturbed. Since the beginning of the COVID-19 pandemic, there have been drastic changes observed in the environment. These were however both positive and negative. There has been an improvement in the air pollution situation, since the amount of gases released in the atmosphere from vehicles was reduced, due to the lockdowns that kept people at home. On the other hand, the pandemic also caused a huge environmental issue, since biomedical waste was largely increased in the whole world. More specifically, citizens used a ton of different safety equipment, in order to keep themselves safe from getting the virus. For instance, the increased use of face masks, gloves, and self-testing kits resulted in an environmental crisis, since millions of rubbish was made every day. These did not only affect the climate of the world, but

⁴ Schinasi, Garry J. *Defining Financial Stability*. International Monetary Fund, 2021, pp. 1-18, <https://www.imf.org/external/pubs/ft/wp/2004/wp04187.pdf>. Accessed 12 Sept 2021.

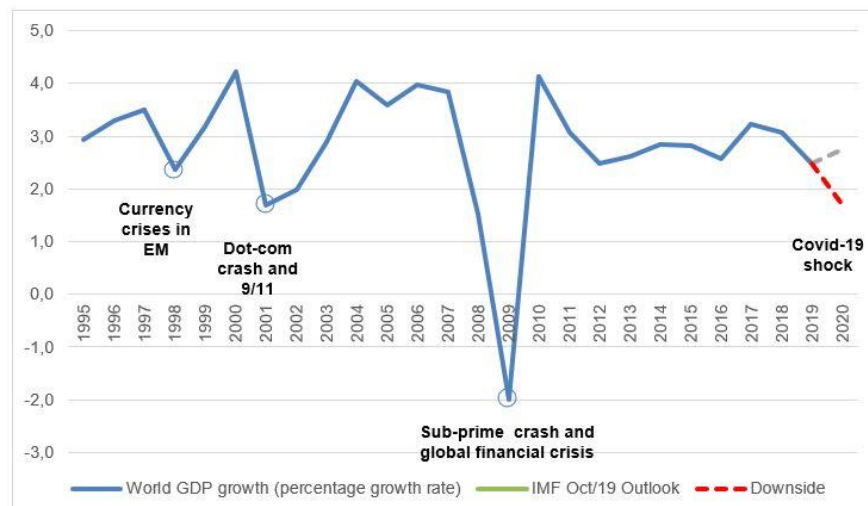
⁵ "Gross Domestic Product (GDP)". *Investopedia*, 2021, <https://www.investopedia.com/terms/g/gdp.asp>.

also the wildlife. This happened, because that kind of rubbish (e.g. face masks) ended up in the sea, for instance, thus getting caught between the legs of sea birds or getting eaten by unsuspecting turtles. In addition to emissions from energy generation, transport and industry, the influence of meteorology must also be taken into account in air quality during covid. If weather conditions are poor, pollutants accumulate in the air, while strong winds help to disperse the pollutants quickly. There are currently also inputs of particulate matter from other sources, such as agriculture, where ammonia is formed during the fertilization of fields, which is a precursor substance of particulate matter. This so-called secondary particulate matter can then be transported by the wind to a neighboring city. Satellite data show significant decreases for e.g. China and Italy during the pandemic (nitrogen dioxide). It must be noted, however, that these data reflect the amount of pollutants in the entire air column of the atmosphere from space and, moreover, are only a snapshot (time of overflight by the satellite). It is not possible to draw conclusions about the health-relevant air pollutant load near the ground, i.e. in the air we breathe; for this purpose, the values measured on site must be used. The measuring stations show differently pronounced decreases in concentrations, which can only be meaningfully evaluated over a longer period of time, when the meteorological influences cancel each other out on average.

The financial aspect

The financial consequences of the COVID-19 pandemic are directly linked to the environmental ones. For instance, a sector that was severely hit by the pandemic were services sectors. This of course caused a lot of damage in the economies of many countries but on the other hand they tended to produce less emissions and use fewer raw materials. On the bright side, the environment did not face the same amount of pollution for the following reason: Due to the closure of many international borders, transport was reduced and thus consumption patterns were changed. This resulted in a decrease of -17% of daily global emissions in comparison with the levels in 2019. In individual countries daily emissions decreased even to -26% on average. This however did not have a good influence on the financial situation in many countries. In most countries of the world this unexpected phenomenon severely hit their economies, which led to huge financial issues. Starting from our everyday lives, it is known that a huge number of companies, stores or small businesses close down due to the inability of their owners to financially support their businesses, since they did not have any sort of income. Thus, a lot of citizens lost their jobs and their source of income and thereby increased the unemployment rate in many countries. Many industries, such as travelling agencies, car companies, fuel companies, stock markets etc. suffered from the outcome of the pandemic. This also resulted in the huge downfall of the global Gross Domestic Product (GDP). Specifically, early estimates predicted that the

pandemic aftermath would cause a loss of at least 2.9 percent of the GDP over 2020⁶. However, this forecast was restated to a loss of 4.5 percent of the GDP. By putting this number in perspective, we realise that there was almost 3.94 trillion U.S. dollars of lost economic output.



MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

India

During the COVID-19 pandemic the healthcare system of the country faced a huge issue due to the overspread of the virus. The hospitals could not afford taking care of the huge number of people who got infected by the new coronavirus and the supplies in the healthcare facilities were very little. However, these were not the only consequences of the pandemic in India. India's economy was also severely hit by the pandemic aftermath. Even though India became the world's fifth largest economy in 2019, the results of the pandemic downgraded the country to the 6th place after the United Kingdom. According to the analysis of the International Monetary Fund (IMF) data, India will not regain the 5th place in the world economic ranking until 2023. All in all, the South Asian country was hit by strict lockdowns this year, as it failed to contain the coronavirus. Its economy was however projected by the IMF to contract 8 percent in the fiscal year.

Brazil

Brazil's both healthcare system and economy were damaged by the coronavirus pandemic. On the one hand Brazil has reported the third highest caseload and second largest number of deaths and President Bolsonaro has refused to impose

⁶"Topic: Coronavirus: Impact On The Global Economy". *Statista*, 2021, <https://www.statista.com/topics/6139/covid-19-impact-on-the-global-economy/>.

measures such as a lockdown, while the healthcare system of Brazil is facing really difficult situations. On the other hand, Brazil was the first country that fell out of the top 10 ranking. The country specifically went from the 9th largest economy in 2019 to the 12th one last year. It is estimated that Brazil will not regain its position and stay out of the top 10 ranking until 2026. Lastly, the country's economy contracted 4,1 percent last year and is forecast to grow 3,7 during 2021.

Singapore

Singapore has been one of the countries that were affected in various sectors and ways by the pandemic. The country's economy specifically has been significantly affected by COVID-19. Sectors, such as accommodation, tourism, air-transport have been severely hit by the new way of living. The same goes for consumer-facing sectors, also known as retail and food. At the same time, sectors of the economy, such as manufacturing and wholesale trade have been affected by the fall in external demand and supply chain disruptions. Taking all these factors into account, it is estimated that Singapore's GDP in 2020 was downgraded to -7.0 percent to -4.0 percent from -4.0 percent to -1.0 percent. ⁷

IMF (International Monetary Fund)

The International Monetary Fund responded quickly to the COVID-19 pandemic financial consequences through the economical assistance to member states and especially to the vulnerable ones. Specifically, the IMF took action in order to help countries by following a number of tracks. For instance, the International Monetary Fund implemented the Emergency Financing, by doubling the access to its emergency facilities (the Rapid Credit Facility and the Rapid Financing Instrument). In this way the Fund is allowed to provide emergency financial assistance without the need of having a full-fledged programme.

UNEP (United Nations Environment Programme)

During the difficult times of the pandemic, Member States did not only need the help of bigger organisations to combat financial issues and issues in the healthcare system, but also help was necessary to find solutions in the environmental issues that were caused from this pandemic. An organisation that really supported Member States to manage COVID-19 medical waste in an environmentally sound manner was the United Nations Environment Programme (UNEP). Through a number of global webinars, guidance notes on waste management, rapid needs assessments and

⁷"Impact Of The COVID-19 Pandemic On The Singapore Economy". *Mti.Gov.Sg*, 2021, <https://www.mti.gov.sg/Resources/feature-articles/2020/Impact-of-the-COVID-19-Pandemic-on-the-Singapore-Economy>.

remote technical assistance, the UNEP contributed into the Member States' effort to combat the environmental issues that were a result of the COVID-19 pandemic.

TIMELINE OF EVENTS

Date	Description of event
January 4, 2020	The World Health Organisation (WHO) announces that China has reported a new cluster of pneumonia cases of unknown cause in Wuhan, China
January 17, 2020	The CDC and the Department of Homeland Security announce enhanced security controls for travelers traveling to the United States from or through Wuhan, China.
January 29, 2020	The Federal Reserve ⁸ issues a Federal Open Market Committee statement for a regularly scheduled meeting. Thereby the target range for federal funds remains at 1-1 / 2 percent to 1-3 / 4 percent.
February 28, 2020	Stock Markets around the world report the largest single-week declines since 2008 during the financial crisis. Treasury securities also fall to new record lows at 1.12 percent and 1.30 percent.
March 3, 2020	The Federal Open Market Committee holds an unscheduled meeting and lowers the federal fund rate target by 50 points. Additionally, it directs the Open Market Desk to continue to roll over all principal payments of Treasury Securities.
March 16, 2020	The Federal Reserve Board approves the actions by the Board of Directors of the

⁸ The Federal Reserve System (FRS) is the central bank of the U.S. The Fed, as it is commonly known, regulates the U.S. monetary and financial system. The Federal Reserve System is composed of a central governmental agency in Washington, D.C., the Board of Governors, and 12 regional Federal Reserve Banks in major cities throughout the U.S.

	Federal Reserve Bank of 10 U.S. states to decrease the discount rate at the Banks from 1-3 / 4 percent to 1 / 4 percent.
March 17, 2020	The Federal Reserve, Federal Deposit Insurance Corporation and the Office of the Controller of the Currency announce the encouragement of banks to provide flexibility for households and businesses.

RELEVANT RESOLUTIONS, TREATIES AND EVENTS

United Nations General Assembly Resolution 74/270: Global solidarity to fight the coronavirus disease 2019 (COVID-19)

Through this resolution the General Assembly proposes a number of solutions to combat issues caused by the pandemic. Clause number 9 is in our case more relevant, since the financial consequences of the COVID-19 pandemic are mentioned and measures are encouraged to combat those. The clause reads: “9. Calls upon the United Nations system, under the leadership of the Secretary-General, to work with all relevant actors in order to mobilize a coordinated global response to the pandemic and its adverse social, economic and financial impact on all societies.”

Special Session on the General Assembly in Response to the Coronavirus Disease (COVID-19) Pandemic (3-4 December 2020, New York)

On the 3rd until the 4th of December 2020 the General Assembly held a session in New York in order to discuss and cooperate for the response to the consequences of the pandemic. This session provided an opportunity for the whole international community to assess and discuss upon its collective response to the pandemic.

Resolution 74/306 adopted by the General Assembly on 11 September, 2020: Comprehensive and coordinated response to the coronavirus disease (COVID-19) pandemic

This UN General Assembly resolution discusses and suggests ways the Member States could collectively respond to the COVID-19 pandemic. The topics of the financial and environmental consequences of this pandemic are specifically mentioned in clauses 18,20,25,30,31,36,37,46 and 47. These clauses focus on the pandemic aftermath in the sector of finance and environment and suggest a number of implications that could really possibly contribute to solving those issues.

Resolution 75/4 adopted by the General Assembly on 5 November 2020: Special Session of the General Assembly in response to the coronavirus disease 2019 (COVID-19)

On the 5th of November 2020 the Special Session of the General Assembly took place and aimed to discuss measures for combating the consequences of the pandemic. More specifically, World leaders and generally stakeholders were able to engage in dialogue on the impacts of the pandemic on the society, the economy, the environment and discuss the coordinated response to this emergency situation.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

**High-Level Event on Financing for Development in the Era of COVID-19 and Beyond
28 May 2020, New York**

On May 28th, 2020 the High-Level Event on Financing for Development in the Era of COVID-19 took place virtually and was composed by the the Prime Minister of Canada, Mr. Justin Trudeau, the Prime Minister of Jamaica, Mr. Andrew Holness and the United Nations Secretary-General Antonio Guterres. The aim of this session was the advance of concrete solutions to the international emergency caused by the pandemic.

Special Session on the General Assembly in Response to the Coronavirus Disease (COVID-19) Pandemic (3-4 December 2020, New York)

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POSSIBLE SOLUTIONS

In this Study Guide there have been mentions on the variety of the issues and consequences that formed a result of the COVID-19 pandemic. In this section a number of possible solutions will be named that could contribute to tackling those issues. Firstly, spreading awareness and the mobilization of officials through web seminars, in order to organize meetings with world leaders and UN representatives, dedicate time and effort of high position officials to sensitise citizens about the issue through social media platforms and succeed the attendance of politicians and world leaders to television programs, where awareness could be raised, are some crucial solutions that can be proven extremely beneficial.

Moreover, encouraging the ratification and signature from countries of previous relevant and beneficial conventions, such as the Kyoto Protocol, the Doha Amendment or the Paris Agreement is also a suggestion with high expectations to contribute and solve a part of the issue. The same goes for organising an annual conference, in order to revise the measures taken from countries on a global level in regard to the economy and environment.

Furthermore, setting temporary goals, and endorsing regional cooperation on environmental issues on a regional (and not only international) level, eg. African countries together, southeast asian countries together, eu nations together etc. and forming financial stimulus packages to stabilize the economic and environmental crisis to both citizens and enterprises/countries who have been economically and environmentally hurt during the COVID-19 pandemic are two of many solutions, whose implication could pave the way for an improvement in the financial and environmental situation of countries around the world.

Last but not least, financial aid could be given to eco-friendly enterprises, companies with large amounts of waste, environmental NGOs/national organizations/international organizations (e.g. greenpeace). In return, those organizations would work to the benefit of national and worldwide economies and the drop in air pollution could be used to a national/international financial benefit, deciding how much money countries with different poverty rates should each dedicate to environmental recovery, while also continuing to recover their national economies.

All of the aforementioned points can indeed contribute to improving the current financial and environmental status of countries around the world

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