



Since March 25, 2020

Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at February 1st, 2021)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

Brazil

Country/Region	General measures	Measures for construction
BRAZIL		
Lockdown	<p>After ten weeks of isolation, the municipalities were gradually reopening in Sao Paulo and Rio at the end of May 2020.</p> <p>The situation was very different from one region to another: In the south, activities have been rather normalized and businesses have reopened, which was not the case in the north where the peak of the crisis had not been reached in May, particularly in the Amazonas and Céara, which have been badly affected by the crisis (cf. MEDEF) (28 May).</p> <p>There were closures of land borders with all border countries.</p>	<p>The construction industry has been classified as an essential activity by the government and continues to operate throughout the lockdown, with many worksites however suffering from poor health and safety conditions (cf. BWI) (2 June).</p> <p>Although construction sites were not stopped, contrary to most of the country's activities, the effects of the coronavirus pandemic were causing major equipment manufacturers in Brazil to suspend operation (6 April).</p> <p>Informal and family-based construction carried out by small companies represents approximately 40% of the total sector in Brazil. This segment of the market had an almost complete stoppage, due to the very sharp drop in the level of income and a large increase in unemployment.</p> <p>The largest construction companies kept their construction sites because the activity was considered essential by the government. However, the work rate has decreased, with layoffs and the suspension of workers who are in high risk groups.</p> <p>The recommendations from the Brazilian Chamber of Construction mainly include measures for hygiene and distancing of personnel:</p> <ul style="list-style-type: none"> • Teleworking; • reducing the number of people on worksites and sites;

		<ul style="list-style-type: none"> prohibiting access to sites by people not working directly for the company.
Economic outlook	<p>The economy has started to recover across a wide range of sectors. Inflation will remain below target and high liquidity provisions, including through record-low interest rates, will support investments. Fiscal vulnerabilities have been exacerbated by the necessary policy response and public debt has risen (cf. OECD) (December 2020).</p> <p>In Brazil, the recovery in private consumption and investment in the second half of 2020 is expected to continue in early 2021, supported by improving confidence and benign credit conditions, pushing growth to 3% in 2021.</p> <p>The rebound is expected to be uneven across sectors; industry and agriculture are expanding more rapidly than the services sector due to a lingering risk aversion among consumers affecting travel, tourism, and restaurants, in particular. Momentum is expected to slow as the year 2021 proceeds, in part due to the withdrawal of monetary and fiscal stimulus, bringing growth down to 2.5% in 2022 (cf. IMF) (January 2021).</p> <p>The authorities have responded to the pandemic with decisive interest rate cuts, and significant fiscal and liquidity packages, including direct cash transfers targeted to vulnerable groups (26 June).</p> <p>Besides, central banks in Brazil, Colombia, Mexico and Peru have reduced interest rates or adopted liquidity measures to uphold domestic demand and facilitate business. However, the exchange rate pass-through to inflation makes these policies temporary and limited (cf. OECD).</p>	<p>Brazilian construction had a 2.4% retraction in the first quarter of 2020, compared to the last quarter of 2019. In comparison with the first quarter of last year, the drop was 1%.</p> <p>The Getúlio Vargas Foundation predicts that the GDP of construction in Brazil will fall by 11% in 2020</p> <p>The commercial bank CAIXA also intended to inject an additional BRL 43 billion (US\$ 8.2 billion) to the real estate sector. The fund intended to avoid construction shutdowns and layoffs. This has brought the bank's total credit provided to the sector since the start of the Covid-19 crisis to BRL 154 billion (US\$ 29 billion). As of April, around BRL 35 billion (US\$ 6.6 billion) had already been released (cf. BWI).</p>

	<ul style="list-style-type: none"> • Economic outlook for March Brazil's GDP declined by 6% in March. According to the French Embassy in Brazil, there will rather be a recovery of 3.2% in 2021. 	
Employment		The level of construction employment fell sharply in the country. Between March and April, 13.2% of the construction workforce lost their job in Brazil.
Recovery	According to the French Embassy in Brazil, at the federal government level, there are rather contradictory positions between the military branch (especially the Minister of Infrastructure), who supports a Keynesian view and would like a revival through public investment, and the Minister of Economy, Paulo Guedes, who is taking the opposite position. As of May, President Bolsonaro is arbitrating in favor of Minister Guedes, however this may be subject to change (cf. MEDEF) (28 May).	It is projected that there should be many opportunities for PPPs because municipalities and states will need more support than ever in matters related to urban development as public investment is on hold (cf. MEDEF) (28 May).

Other Overviews

The OECD LAC Regional Programme (including Argentina, **Brazil**, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay), provides an update of the situation, that can be downloaded hereunder (cf. OECD) (20 November):

- Concerning [selected Health measures implemented in response to the Covid-19 crisis in LAC](#)
- Concerning [vaccine strategies in response to the Covid-19 crisis in selected LAC countries](#)
- Concerning [selected Social policy measures implemented in response to the Covid-19 crisis](#)