

SARS – WORLDWIDE ECONOMIC CONSEQUENCES

SARS

We need to continue

Most businesses are heaving a sign of relief that the war in Iraq has ended and the SARS (Severe Acute Respiratory Syndrome) outbreak has abated in most of Asia. SARS has introduced a new element of uncertainty into the global economy, especially given that the center of the outbreak is in Asia. As Asia represents 25 percent of the entire global economy at purchasing power parity rates, the fact that the dreaded disease has struck hardest in China is most unfortunate for the general economic picture.

One can easily imagine how the U.S. economy would be affected when and if flows of commodities from Asia, particularly China, were disrupted because of the epidemic wreaking more havoc. Since the virus spread from China to the rest of the world in March, it has infected 8,464 people and claimed 799 lives.

The world saw cases multiply at an alarming rate, spilling out of hospitals into the general population and then over borders or along air routes. A month after the first alert, there were 3,000 cases and more than 100 deaths in over 20 countries.

China has been the worst affected nation with 343 deaths or 633 if you include Hong Kong. At the height of the outbreak in April and May, the World Health Organization and some companies issued travel advisories on avoiding unnecessary trips to places like Canada, China, Hong Kong, Taiwan and Singapore, where the outbreak was most rampant. Affected countries lost billions of dollars in just three months as the infectious disease put people off their travel plans.

Although the direction of the impact from SARS is clear, its size is more problematic, as is the duration of the crisis. A relatively quick solution would result in some activities and spending merely being delayed rather than foregone altogether. However, a prolonged crisis could potentially deal a very severe blow to the World's economy.

The most telling effects of SARS on Asia's economy can be seen in four main areas:

1. reduced travel for business and leisure
2. lower retail spending
3. weaker exports to other affected areas
4. drop in productivity from individuals in quarantine

For ELSTER-AMCO Asia, even though SARS has had a significant impact on our activities, especially due to the travel limitations, which means that tenders are being delayed, we have still managed to stay in contact with our customers via telephone, email and tele-conferencing.

As can be seen from the different activities and achievements reported in this issue, e. g. WEPP project, World Gas Conference in Japan, training seminar in Pakistan etc, we are still very much in contact and providing support to our customers in their day to day operations.

Now that the SARS epidemic has been stopped for the time being, we will continue with our sales activities and visit our customers to reaffirm our commitment and support.

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