



# International Economic Law in the Shadow of COVID-19: Perspectives from Least Developed Countries

**By:**

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The [Coronavirus](#) (Covid -19) is a group of viruses that cause a contagious disease leading to mild or severe respiratory symptoms encompassing fever, cough and difficulty in breathing. On March 11, 2020, the World Health Organization (WHO) declared the Covid-19 a pandemic after its raging spread across the globe. The WHO has since taken action to globally support affected countries in preventing, detecting and responding to the pandemic.

The rate at which countries have been reporting cases of the Covid-19 virus has increased over the past three months. According to the [WHO](#), the number of active Covid-19 cases that are reported on a rolling basis currently stand at 2.7 million. The total number of [infected](#) patients is 2, 774,135 and 190,871 in deaths. Out of the [current reports](#), the percentage of Covid-19 infections in the global south is at an estimated 23.85 % in active cases and 11.65% in closed

cases.

The question therefore is, how will the over 1.3 million infections in Europe over time affect the trade and investment environment in the global south? Taking into consideration the fact that Europe is the major trading partner to the global south. [Africa's Growth: Performance, Outlook, And Inclusiveness](#) advances that although African economies have been stable in the past few decades, the growth quality has not been adequate enough to sustain the growing demands of the African people.

## **Overview of Economic Climate in the Global South**

The global south is a loose term used to refer to the developing countries and least developed countries. This paper will however focus on the [least developed countries](#). Most of these [countries](#) in Asia, Latin America, Africa and in the Caribbean and mainly rely on foreign direct investment to sustain their economies. The countries in the global south have been known to provide cheap labor to the global north for purposes of production. Most of the raw material used for production are exported from the global south to the global north where the final products are manufactured and exported back to the global south countries at a much higher price. In a nutshell, the global south and the global north are in a [neocolonial](#) relationship.

The United Nations General Assembly adopted the [Sustainable development goals](#) which are domesticated in individual countries, with Kenya aligning them to its Vision 2030 agenda. Similar agendas and development plans remain the driving force in the Southern economies. In Kenya, the Vision clearly defines achievements that should be met by the country by 2030. In 2019, the Secretary General of the United Nations H.E Antonio Guterres in his [speech](#) during the high level political sustainable development forum stated that majority of states had developed a program for incorporating these goals into their national policies and strategies towards realization of these goals. It is however unfortunate to note that the realization of these goals is impeded by increased conflicts, climatic crisis, gender-based violence and persistent and rising inequality. Hence, the realization of these goals is important to the economic climate of the southern countries.

According to United Nations agencies and international institutions reports, the global financial market has extensively experienced a glitch since the declaration of the Covid-19 pandemic by the World Health Organization. Reports show that investors have moved an estimated US\$90 billion out of upcoming markets which are majorly located in the global south. The United Nations has reported that this is the largest similar outflow ever recorded.

### **Impact of the Covid-19 Pandemic on the Prevailing Economic Climate in the Global South**

With the high prevalence of the Coronavirus, leaders across the globe are struggling to make decisions to manage the pandemic. Across the global south, an estimate of fifty countries have declared total lockdown in order to manage the virus. The readily available market that the southern trade partners including China and Europe heavily relied on for business is no longer viable. There is no free movement of goods and services across the region crippling the economies.

It is also important to note that over 80% of people in the global south countries are not formally employed. Most of these people are dependent on daily minimum wage for their survival. It is therefore a tall order for least developed countries such as South Sudan and Rwanda, to declare total lockdown given their defenseless economic conditions.

The entire global economy is already experiencing economic [recession](#) owing to the pandemic. This recession is directly experienced by the large number of people laid off from work due to the travel and movement restrictions imposed by a number of governments. A good illustration is the republic of Rwanda, according to [New Times](#), Rwanda's leading daily, published on March 31, 2020, it was stated that the workforce in Rwanda is currently slowed down due to the restrictive movement measures that has kept most workers at home. This puts most jobs at stake especially in the tourism and hospitality sector that has faced over 6% constriction since the pandemic was declared. The problem however is that many are not assured of jobs once the pandemic is contained.

The LDCs are bound to face more daunting experiences in the wake of the

pandemic. Most of these LDCs lack enough infrastructures and facilities to manage the pandemic that has hit them; case in point being Nepal, with a population of over 28 million people, the total number of beds available for Covid-19 patients is slightly below five hundred thousand and testing services only offered in one referral hospital in the whole country. In the global south, countries such as Rwanda and Uganda strain to sustain their citizens during total lockdown as a means of managing the Covid-19 pandemic. Some of the social vulnerability in these countries is the poor drainage systems and waste management in the sub-urban areas. People in slums during a lockdown have to endure the abysmal environmental and air pollution that is a constant reminder of their poverty and desperation. LDCs are equally not cushioned against the economic devastation that has hit them with the spread of the pandemic, evidenced by the trillions in international debt and low individual per capita income.

It is evident that the countries in the global north that have been trade partners with the countries in the global south are not importing raw materials any more, this has tremendously reduced the value of the raw materials to prices that do not promote the local economies. They are therefore stuck with their raw materials with no market to export to. Worse off, there is no production muscle in these countries and hence wastage of these vital raw materials.

I commend the states in the global south for taking prompt stringent measures against the spread of the virus with South Sudan and Uganda having imposed travel ban on incoming flights. The ban has contributed to a slight decline in the number of Coronavirus infections in Africa and the global south in general.

The big question however is, what more could be done to ensure economic rise beyond the pandemic once the dust settles. What more could individuals, national governments, international institutions, non-profit organizations and civil society organizations do? The response to this question can be very biased. However, I will highlight my recommendations in three blanket points:

## **1. Institutional pluralism**

Individuals, national governments and international institutions among other entities have to coexist in order to curb further crisis beyond the Coronavirus pandemic. This calls for a consensus in how such a crisis can be controlled. National governments can therefore make effort to provide basic needs to their citizens whilst under total lockdown. However, for states that are not on total lockdown, a gesture that has been taken by the President of Kenya, H.E Uhuru Kenyatta to cut down salaries of executive state officials and other cadres can be embraced by other third world countries in the global south in order to save and consolidate finances in government coffers. These finances can therefore be reengineered to cater for the impending basic needs of their citizens during the lockdown period. The international financial institutions also need to have a common position on how to deal with the debts taken by the least developed countries and the developing countries within the global south. Institutions such as the [IMF](#) recently released US\$50 million of funds towards low economy members. Approximately 20% of these funds will be made available to its poorest members through Rapid Credit Facility. The [World Bank Group](#), on the other hand, is forecasting to allocate funds totaling to US\$160 billion in an attempt to aid in economic recovery efforts. Other regional financial institutions such as African development bank and Asian development bank have deployed millions of funds to mitigate and cushion the petrifying economic recession that is caused by the pandemic.

## **2. Investment and embrace of technological advances**

In the wake of the Coronavirus pandemic, there is great appreciation for the role played by science and technology. As people are forced to work from home, technological advances such as skype, zoom and social media have become the new norm. These are the channels that are currently keeping people connected as people maintain social distancing in crowded places and gatherings. It is also important to note that the food security in these third world countries is highly dependent on technological advances. These [agribusiness](#) technological apparatus are mostly imported from first world countries; a process which is currently hampered due to travel bans. A country with greater food security is way more capable of managing its citizens during lockdown compared to a state that is not food secured; case in point being Rwanda and Uganda. International financial institutions, non-profit

organizations and individuals should begin to re-think investments on agribusiness advances that will ensure the stability in production and food security in the least developed and developing countries in case of future pandemics or similar adversities.

### **3. Empowerment of the people to contribute to economic growth**

It is unfortunate that 85% of the people living in the global south survive from hand to mouth. This is as a result of rising unemployment and non-meaningful employment. Most casual laborers are individuals who cannot survive in total lockdown unless they are sustained by the government. The masses in most countries within the global south lack the purchasing power to enable them stock supplies to last them a week while locked up at home. The informal sector does not have a dependable social security system which forces the masses to live by the day with a care-free attitude about tomorrow. Affected governments should therefore begin to reconsider strategies to increase sustainable formal and informal employment beyond the pandemic. Equally, the populace has to re-evaluate opportunities for sustenance and worthwhile investments.

### **Conclusion**

It is now clear that the world economy is hit by a recession that has never been experienced before. Social distancing is the new norm and it surpasses trade and investment. LDCs are inadequately equipped to manage the socio-economic impacts of the Covid-19 pandemic; these countries have not even effectively curbed environmental pollution yet. The sustainable development goals strategies did not envisage such a pandemic and this is causing many governments to lose sight of how to manage their economic regressions. The national governments and international community therefore have to be more vigilant and proactive in ensuring that the battered global economy stabilizes after the pandemic.

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