

## MACRO: Policy responses to Covid-19

Below is this week's updated table on the health and economic policies that selected governments around the world are implementing to counter the fallout from Covid-19. Please do not hesitate to contact us if you want to discuss any of the countries mentioned in more detail. **Click on 'View PDF' below to see the table.**

[Client Portal >>](#)

**Macro Research**  
+44 20 7186 8894  
[Macro@teneo.com](mailto:Macro@teneo.com)

## Overview of health and economic policy responses to Covid-19

	Measures to contain outbreaks	Economic Strategy		Political Consensus	Capacity to respond to a second wave	Signposts
		Crisis Support	Recovery Support			
United States	Amid rising cases, some states have stalled reopening stages.	Congress has passed more than USD 2tn in stimulus to address the initial impact of coronavirus.	Comprehensive long-term recovery packages are unlikely. Piecemeal efforts may still be on the table.	Low – With three weeks until the elections, an expansive relief package is increasingly unlikely.	Medium – Most states have health system capacity, but tracing and testing is shaky. Reopening has been rushed for political purposes.	States are continuing to reopen with caution after outbreaks have subsided, with capacity to reopen schools still the next major frontier.
European Union	Member states are trying to coordinate a Schengen-wide local warning system, allowing borders to remain open.	EUR 500bn, mostly promises of loans from ESM rescue fund, guarantees and support for short-term work schemes, further ECB bond-buying.	Proposal of EUR 750bn in grants, loans, to be disbursed through the EU budget to most affected member states and companies.	Medium – Different positions persist, but overall approach to crisis response is more proactive than after the 2008 financial crisis.	Medium – Budget and recovery fund proposals reveal political ambition.	Negotiations continue between national governments, the European Parliament and the Commission to achieve final sign-off for the recovery fund.
China	Quarantine measures have been lifted. Some restrictions on large public gatherings remain.	Emergency stimulus measures have ended.	Economic policy is normalizing as the economy recovers. Policy focus shifting towards controlling financial risks.	High – Critics of early failures in Wuhan have been largely silenced.	High – Protocols in place to re-impose lockdown quickly and conduct large-scale testing.	Partial easing of restrictions on inbound international travel, but new visas for short-term business travelers, tourists, and students are still not being issued.
Japan	Restrictions on public gatherings lifted on 19 Sept. Okinawa prefecture and some private operators will continue to abide by previous restrictions.	2 <sup>nd</sup> supplemental budget, part of a USD 1tn package, is focused mainly on providing relief to small businesses and vulnerable constituencies.	Government plans for FY 2021 budget seek to encourage transition to “new normal,” “digital transformation,” labor reforms, safety net reforms.	High – Yoshihide Suga took office as prime minister on 16 Sept. He has united his party behind him and appears likely to enjoy a honeymoon period.	Medium – Social distancing relies on voluntary cooperation. Government reluctant to ask businesses to close again.	Suga has pledged to focus on containing Covid-19 and supporting economic recovery for the foreseeable future.
Germany	Regional states in charge; but recent increase in new infections has increased willingness to step up coordination.	Over EUR 350bn in fiscal measures and EUR 800bn+ in guarantees: tax delays, short-time work and payments to businesses.	A further extension of easier access to short-time work (Kurzarbeit) has been agreed until the end of 2021.	Medium – Grand coalition government, but some political competition in the decentralized political system.	High – Decentralized testing, tracking and treatment has enabled a solid response to the pandemic so far.	Return to some form of nation-wide restriction coordination will be the likely outcome of a Merkel meeting with regional state leaders.
Canada	Canada’s two most populous provinces continue increasing public health restrictions in densely populated regions.	The government announced a new rent subsidy to support companies with lower revenues, and temporary shutdowns.	The wage subsidy rate will be frozen at 65% of eligible wages until Dec. Small businesses will be eligible for CAD 10,000 in forgivable loans.	High – The federal Liberals have passed two confidence votes, placing them in a secure position despite their minority status in parliament.	Medium – Provinces warn that if cases continue to spike, hospital admissions will triple.	378,000 jobs were added in September, while the unemployment rate dropped to 9%.

	Measures to contain outbreaks	Economic Strategy		Political Consensus	Capacity to respond to a second wave	Signposts
		Crisis Support	Recovery Support			
India	Most restrictions lifted: religious and public meetings allowed with masks, public transportation open in many cities. Lockdowns restricted to areas with high rates of infection. Signs of 2 <sup>nd</sup> and 3 <sup>rd</sup> waves of infection but only in small areas.	Government ruling out stimulus until a vaccine or cure is found but has announced moratorium on interest payments for small borrowers. Some relaxation on bankruptcy laws.	No detailed discussions, still in crisis support mode. State governments have been offered a choice of borrowing from the central bank to tide over their immediate financial problems, but some states have refused.	Medium – State governments largely support the federal regime. But criticism continues over exit strategy and low-income support.	Low – Testing capacity ramped up but still inadequate. Hospitals face shortages, especially in high incidence areas.	Full lifting of restrictions on public transportation and international flights unlikely till Nov. Rising fears of extensive bankruptcy in tourism, airline industries. Many industries back to pre-pandemic levels of production. But government hints that a vaccine might be available in the first half of 2021.
United Kingdom	A new traffic light system is intended to coordinate local restrictions, but institutional capacity issues raise doubts over its effectiveness.	~GBP 300bn. Companies now paying more for the furlough scheme. Plans to extend the scheme locally past October.	GBP 30bn package focused on selective VAT cuts, subsidies for the hospitality sector, and employee retention schemes.	Medium – Government has large majority, but political contestation over government's crisis response.	Medium – Questions around testing and tracing, and around the cost of economic support measures.	Local furlough schemes are now intended to continue when the nationwide program runs out at the end of October.
France	Several of France's largest cities have been put on "maximal alert", which entails the closure of cafes and bars.	Employment scheme (~EUR 26bn) extended to 30 Sept as well as long-term furlough scheme for specific firms.	Aviation, tech, auto, and tourism sector support; measures for SMEs. EUR 100bn Relaunch plan includes EUR 10bn in corporate tax cuts. Debating 2021 draft budget.	Medium – The public is increasingly divided about the introduction of further restrictions, but more than 80% say would comply with them if imposed.	Medium – Authorities have enough contact tracing staff, but high demand for tests is creating capacity issues, which in turn limits the effectiveness of tracing protocols.	The highest health authority has authorized the use of rapid antigen tests, which might be used more extensively by the government in its efforts to counter the overloading of Covid-19 testing system.
Italy	A new decree will reinforce measures to contain the pandemic as the number of infections surges. Restrictions on private parties, amateur sports activities and social gatherings are expected to be part of the new curbs.	2020, 2021 budget deficit goals raised; public debt targeted at around 156% of national output in 2021. The 2020 deficit target will be raised to ~12.8% of GDP from Sept's 11.9% goal. 2021 budget will be unveiled in mid-Oct.	Plans to address the economic fallout from the pandemic to be presented to the EU in mid-Oct. Italy is set to receive around EUR 209bn from EU funds. These plans will be finalized in early 2021.	Low – Exit strategy very politicized. One of the government's main objectives will be to keep the nation's schools open, following a closure of six months. State of emergency extended until 31 Jan 2021.	Medium -- Quarantines are likely to be reduced to 10 days from 14. The daily infections surpassed 5,000 in recent days for the first time since March. The number of deaths and hospitalizations is also rising.	The Five Star Movement is in deep turmoil after its poor showing in the regional elections. The party seems set on a slow but potentially irreversible decline that will limit the government's room to maneuver and ability to tackle the country's deep economic malaise.
Brazil	São Paulo state with decreasing cases has moved to penultimate reopening phase. Northeastern Pernambuco state government to enter "new normal" in November.	Overturn of presidential veto on the extension of a payroll tax cut until 2021 now to be voted only after November municipal elections. Administrative and Tax Reforms also put on hold.	Opinion of the rapporteur on the government's new cash transfer program "Renda Cidadã", postponed due to the lack of consensus between the Congress and the government.	Medium – Delays in reforms, cash transfer program, and the extension of a payroll tax cut until 2021 reveal difficulties in reaching consensus one month before municipal elections.	Medium – São Paulo's Governor João Doria meeting Health Ministry on 21 October to resolve distribution of CoronaVac. Vaccine in final testing phase but still needs approval by the National Health Surveillance Agency.	The weekly average number of deaths has declined to 590, the lowest since 10 May. Since 14 Sept, the death toll has been stable. There is a sense of relief and people are relaxing social distancing but generally wearing masks. The gravity of a second wave is unclear.

	Measures to contain outbreaks	Economic Strategy		Political Consensus	Capacity to respond to a second wave	Signposts
		Crisis Support	Recovery Support			
Russia	Moscow businesses must send 30% of office-based workers to work remotely until 28 October. School vacation extended to 18 October. Tighter enforcement of existing measures.	Moratorium on credit repayment extended for three months until 7 January 2021. Preferential mortgages likely to be extended till the end of 2021.	RUB 5tn national economic recovery plan to 2024 finalized in September. Draft 2021-2023 budget foresees new taxes on extractive, fertilizer as well as oil and gas industries.	Medium – Some tensions between federal and regional administrations, which are responsible for restrictions. Despite rising infections, no new nationwide restrictions expected in the near term.	Medium – Significant testing capacity and fiscal room to support economy. Potential start of vaccinations in late 2020. But bureaucratic inefficiencies, limited healthcare capacity outside key cities, questionable data accuracy.	Registration of the second Russian vaccine “Vector” expected by mid-Oct. Parliament to consider 2021-2023 budget in late Oct. Sharply rising new infections in Moscow.
South Korea	Stricter controls relaxed for greater Seoul region but could be reintroduced ahead of national holidays in early October.	3 <sup>rd</sup> supplemental budget included ~KRW 18tn (USD 14.8bn) for emergency relief programs, mainly for small business. 4 <sup>th</sup> supplemental budget to come.	New budget includes KRW 5.1tn (USD 4.2bn) for “Korean New Deal” programs, including green jobs, digitalization, and retraining programs.	Medium – Despite centralized state and ruling party’s supermajority, opposition to health measures among anti-government churches led to a surge of new cases.	High – South Korea has learned from past and current outbreaks, introduced wide-scale testing, is exporting tests and other equipment.	Enhanced social distancing lifted temporarily in greater Seoul, with expectation that restrictions will be reintroduced to prevent national holiday from leading to new clusters.
Spain	The government has imposed a state of emergency in the region of Madrid. Certain regions might introduce further restrictions in their territory in the coming hours.	An extension to 31 Jan to the short-term employment schemes covering ~3mn workers has been approved.	EUR 40bn in loan guarantees for businesses and EUR 10bn to bail out strategic firms, inc. transportation and infrastructure. EU-supported EUR 72bn investment plan for 2021-2023.	Medium/Low – The politicization of the management of the pandemic is delaying key decisions and undermining public trust in the authorities.	Medium/Low – Some regions have contained a second wave but key regions like Madrid are struggling. A nationwide lockdown remains unlikely.	Parliament will discuss a motion of no confidence on the government next week. The motion is highly likely to be voted down.
Australia	VIC to update this week on potential easing; international borders may remain closed through 2021, save for select travel bubbles and returning citizens.	Federal budget includes AUD 74bn in measures under the JobMaker Plan to create jobs for the young, individual tax cuts and cash payments for pensioners and other eligible recipients.	Federal budget contains significant fiscal measures to drive business-led recovery & stimulate investment / hiring; WA is forecasting budget surpluses for the next four years despite the pandemic.	Medium – Tensions and debate continue between state Premiers, Federal ministers and Opposition around border closures, restrictions and precautions.	High – VIC quarantine rules adjusted to require ‘close contacts’ to also test on day 11 of quarantine; VIC has increased PPE orders for frontline workers and vulnerable communities.	NSW and NT start accepting visitors from NZ from 16 Oct; national cabinet meets 16 Oct.
Mexico	Reopening started on 1 June based on traffic light system. This week, 17 states are at orange, 14 states at yellow, and one at green. Traffic light system remains controversial.	Limited fiscal measures at ~1% of GDP. Measures include advancing pension payments; credits for micro- and small enterprises; and government austerity.	President insists infrastructure projects will be key to recovery despite questions over costs and value. Government hopes that the USMCA will revive the economy.	Low – Divisions between opposition state governors and central government; relations between President and the private sector and media remain antagonistic.	Low – Chaotic healthcare system reform in process, lacking PPE, limited testing capacities; government believes comprehensive testing is unnecessary.	With high daily new cases (9 <sup>th</sup> highest caseload globally, 4 <sup>th</sup> highest number of deaths), extremely low testing rates, but an easing of restrictions underway, the situation remains complicated even as case numbers may be descending.
Indonesia	Governments easing restrictions despite rising case numbers. Jakarta has re-imposed movement and business restrictions until the first week of Oct.	Total stimulus ~4.8% of GDP, for healthcare, social welfare, support for MSMEs, and bailouts of state enterprises. 2020 deficit target raised to 6.34% of GDP from 5.07%.	Corporate tax rate cut to 22%. SMEs may be eligible for working capital loans and some tax condonation. State banks promising targeted lending to support SMEs.	Medium – Government does not want national policies, which leads to uneven policies.	Low – Testing capacity still low per-capita despite improvement, which may make it difficult to ramp up testing and contact tracing for a second wave.	No specific benchmarks; restrictions will continue to be loosened, if gradual decline in cases and fatalities is achieved.

	Measures to contain outbreaks	Economic Strategy		Political Consensus	Capacity to respond to a second wave	Signposts
		Crisis Support	Recovery Support			
Saudi Arabia	Government employees have returned to work and restrictions on the exit and entry of citizens have been partially lifted.	Almost USD 50bn in support to the private sector, intended to protect Saudi employees. Government fees delayed and expatriate visas extended.	Little so far. Arguably, normal Saudi government operations represent a stimulus.	Medium – Limited criticism of sustained government shutdown has emerged.	Medium – MERS spurred investment in capacity. General institutional capacity is mixed; extensive expatriate population live in close quarters. Shutdown was vigorously enforced.	While still home to the highest number of cases in the Arab countries, Saudi's case numbers have begun to decrease.
Turkey	Considering tighter restrictions as case and death rates return to May levels following partial school reopening. All students in elementary school, 8 <sup>th</sup> and 12 <sup>th</sup> grades restarted face-to-face classes on 12 Oct.	The new economic program aims to achieve 5.8% growth in 2021, and 5% in 2022, 2023. This is unrealistic absent structural reforms. Widening deficit signals growing imbalances, exacerbated by government-backed borrowing splurge.	The government plans to double the Treasury's borrowing limit to TRY 280bn for 2020 from TRY 140bn. Treasury data shows that borrowing exceeded TL 250bn in the first eight months of the year.	Medium – The Turkish authorities will start reporting full Covid-19 figures (including asymptomatic cases) from 15 Oct. after massive backlash.	Medium – Medical associations report that ICUs are full, but government claims the situation is under control. A 1,000-dose production of the first locally made vaccine to be applied on humans will be completed soon. The vaccine will be initially be applied to 44 people.	Ankara announced plans late on 11 Oct to send the research ship Oruc Reis to the Eastern Mediterranean to carry out a seismic survey over the next 10 days, a step likely to revive tensions with NATO ally Greece. The Oruc Reis will carry out activities in the region, including near the Greek island of Kastellorizo, until 22 Oct.
Thailand	State of emergency continues but local restrictions being lifted. Implementation of health measures and social distancing is the focus.	USD 60bn stimulus. SMEs are the priority, employing 80% of workers. Airlines asking for USD 800mn in soft loans. Focus on subsidies to sustain employment.	Government considering joining CPTTP but political infighting will likely delay. Some state procurement will be required to target SMEs. Energy ministry pushing for USD 7bn projects.	Medium – Policy is accepted but government seen as ineffective in other areas such as economy, as a result there may be more focus on growth.	Medium – Gradually building up testing capabilities and moderate national healthcare capacity.	Growing confidence in ability to limit and track new cases and sustained decline in new cases could cause government to open more of the economy.
Sweden	No lockdown, voluntary social distancing and home working encouraged, but country has had high death toll.	SEK 812bn in measures, incl. tax deferrals, wage subsidies, credit guarantees; SEK 500bn in business loans, SEK 300bn bond buying.	Riksbank foresees interest rates remaining at 0% well into 2021.	High – Minority government with broad parliamentary support, reliance on independent health experts to design crisis measures.	Medium – Institutional capacity is generally high but protecting care homes has proven to be problematic.	Some economic forecasters expect a milder GDP contraction than in other economies, at around 3.5%, betting on Swedish companies to bounce back quickly.
Nigeria	Gradual phase-out. Stage 3 entered 4 September; reviewed periodically.	Moratorium on government loans. Small credit facilities to support households and SMEs (NGN 50bn) and healthcare (NGN 100bn).	Various programs, including NGN 500bn intervention fund; NGN 1tn in loans to manufacturing and agricultural sectors and established an infrastructure fund.	Medium – Gradual reopening will soften economic grievances. Calls for more stimulus.	Low – The government's public health and economic response capacity are both extremely weak.	Oil production, GDP and trade figures; response from WB and AfDB to request for USD 3.5bn in financing.
Argentina	Restrictions in place until at least 25 Oct; Buenos Aires conurbation (AMBA) currently seeing cautious easing, with parallel tightening in newer virus hotspots (e.g. Santa Fe, Cordoba provinces).	~1.9% of GDP, includes direct cash transfers; freezing of utility tariffs; and lowering of bank loan requirements.	Focus on infrastructure, with capital spending to reach 2.2% of GDP in 2021. However, significant economic constraints will constrain recovery plans.	Medium – Presidential authority boosted by early action; but growing criticism given rising caseload, lack of exit plan, economic impacts. Occasional tensions between Buenos Aires and provincial authorities amid rising political politicization.	Low – Health system will struggle to handle surges, especially beyond Buenos Aires, but retains capacity for now. Human contact tracing program and contact tracing app are positive but not widely operational.	The AMBA remains a key Covid-19 epicenter but outbreaks elsewhere (led by Santa Fe) continue to increase in importance, contributing to a growing caseload, which is now the 6 <sup>th</sup> highest globally.



	Measures to contain outbreaks	Economic Strategy		Political Consensus	Capacity to respond to a second wave	Signposts
		Crisis Support	Recovery Support			
South Africa	Lockdown eased to "Level 1" from 21 Sept; international travel permitted from 1 Oct. Social distancing protocols remain in place.	A ZAR 500bn stimulus plan (including tax credits, social grants and credit guarantees) amid record fiscal constraints.	An economic recovery plan focuses on infrastructure, localization and 'reindustrialization,' including energy security measures.	Medium – Lockdown regulations are becoming less contested amid reopening, but PPE procurement scandals hurt ruling party perceptions.	Medium – If infection rates accelerate once more, health service strain could worsen (including oxygen and PPE shortages).	Recovery plan to be presented in parliament on 15 Oct, followed by 21 Oct medium-term budget.

**For further information, please contact Teneo's Political Risk Unit at [antonio.barroso@teneo.com](mailto:antonio.barroso@teneo.com)**

© 2020 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.