

## 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.**

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## 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 and hospitalizations, some states have stalled reopening and considering new measures.	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.	Medium – Incentives to pass a bill in the lame duck session remain unclear, but leadership has expressed willingness to advance a deal.	Medium – Most states have health system capacity, but tracing and testing is shaky. Reopening has been rushed for political purposes.	Vice President Joe Biden's election will influence significant policy changes. Cabinet announcements will provide signposts.
European Union	Member states are recommending a Schengen-wide local warning system, allowing borders to remain open, but national capitals in charge.	EUR 500bn, mostly promises of loans from ESM rescue fund, guarantees and support for short-term work schemes, further ECB bond-buying.	EUR 750bn in grants and 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.	In the talks between governments, the European Parliament and the Commission over the recovery fund, agreement has been reached on rule-of-law conditionality.
China	Recent outbreak in Xinjiang is contained after 4.7mn tested in city of Kashgar.	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	Hokkaido introduces new restrictions as cases reach new highs.	Ruling parties negotiating terms of a third FY2020 supplemental budget to be introduced in early 2021, which will include some emergency relief.	3 <sup>rd</sup> supplemental budget will include funding for structural economic transformation, including digital transformation, supply chain resilience.	High – Prime Minister Yoshihide Suga 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	Nation-wide lockdown until end-November. Hospitality, culture and sports venues to close, schools remain open.	Over EUR 350bn in fiscal measures and EUR 800bn+ in guarantees: tax delays, short-time work and payments to businesses.	EUR 130bn in support measures, incl. VAT cuts until year-end and extra funds to cap social security contributions.	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.	EUR 10bn to pay SMEs affected by the new November lockdown 75% of their November 2019 revenues.
Canada	Provinces are studying different measures to contain the current second wave of cases as lockdown measures fail to stop the increase.	Government is extending its business loan program to SMEs and for commercial rent needs.	October employment figures showed with close to 100,000 jobs created. The country has currently recovered around 2.3 million jobs following early pandemic losses.	Medium – Prime Minister faced criticism from opposition parties and provinces after apparent calls for "limited free speech" in the wake of attacks in Europe. The Prime Minister later clarified and rescinded on his earlier comments.	High – Over the past few days, Canada has sent over 3 million rapid testing kits to its provinces as well as millions of supplies of PPE.	Canada continues to see increasing numbers of daily cases, with death and hospitalizations still lower than during the first wave.

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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.	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.	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 still pending. Government suggests a vaccine might be available in the first half of 2021.
United Kingdom	Lockdown for all of England as of 5 November, closing non-essential shops and hospitality venues but keeping schools open.	~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.	Coordination with Wales, which moved into a nation-wide lockdown before England, and with Scotland, will be a key issue to watch in terms of a UK-wide approach.
France	Government has imposed a new nationwide lockdown. Non-essential businesses must close, but schools will remain open.	Short-term employment scheme (~EUR 26bn) extended to 31 Dec, as well as long-term furlough scheme for specific firms. Up to EUR 10,000/month to cover losses from new lockdown.	Aviation, tech, auto, and tourism sector support; measures for SMEs. EUR 100bn Relaunch plan includes EUR 10bn in corporate tax cuts. Govt has proposed 4 <sup>th</sup> modification to 2020 budget + Debating 2021 draft budget	Medium – 67% of the public supports the new lockdown, but there is resistance from small business owners and certain local political leaders.	Medium/High – Around 4,539 Covid-19 patients are currently in ICU beds. France has 5,700 ICU beds but. President Macron has said capacity will be increase to 10,000.	The government is unlikely to lift the nationwide lockdown next week.
Italy	The latest measures include a nationwide night-time curfew from 10pm until 5am. A new three-tiered risk system that puts Italy's 20 regions into either green (lowest risk level), orange (elevated risk level), or red (highest risk level) zones with differentiated rules and restrictions for each phase was also introduced.	The 2021 budget seeks to extend measures to support the economy. Expansionary measures in 2021 will total more than EUR 39bn, including EUR 15bn in grants from the EU Recovery Fund. 2021 target budget deficit is 7% of GDP.	The furlough scheme will be extended beyond its current 31 Jan deadline by 8-12 weeks. The moratorium on loan and mortgage payments will also be extended as part of the 2021 budget. A new stimulus package worth EUR 2-2.5 bn was approved on 6 Nov. This extends support to more companies compared to an earlier EUR 5bn aid decree.	Low – Exit strategy very politicized. Regional administrators and the central government disagree on further restrictions. As the newly designated "red zones" went into lockdown, anger rose against the government amid a lack of clarity over how the zones were designated.	Low – The test and tracing system is overwhelmed. The pandemic is out of control in the north-west of the country and in Calabria. Italy registered almost 40k new cases on 6 Nov. -- its highest ever daily tally. Some 425 Covid-related deaths, down from 446 the day before and the first toll above 400 since May 2 were also reported.	The leaders of regions entering partial lockdown on 6 Nov. have lambasted the government's new tiered system, which has categorized some areas with the lowest rates of Covid-19 in the country as high-risk red zones. Legal appeals will follow. The risk of anti-lockdown demonstrations, which could turn violent, is rising.
Brazil	Downward trend in cases nationwide but 15 out of 27 states considered likely to have a second wave, including the largest three: São Paulo, Rio de Janeiro and Minas Gerais.	Congress finally overturned a presidential veto that would have ended a payroll tax cut for 17 sectors. This represents an additional spending of BRL10bn (USD 1.75bn) for 2021.	Pressure mounts for the government and Congress to agree on measures to curb a second wave and provide additional emergency aid beyond its expiration on 31 December 2020.	Medium – House Speaker not willing to consider new taxes before commitment by government to handle worsening fiscal situation.	Medium – Governors seeking help from Senate Chairman towards a coordinated response from federal government on vaccination guidelines.	Nationwide poll shows a fall from 85% to 63% of the population in favor of being vaccinated against COVID-19 in the last four months.

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Russia	Restrictions vary by region. In Moscow, at least 30% of employees must work remotely, mandatory registration in catering facilities, remote education. Authorities still rule out nationwide lockdown.	Moratorium on bankruptcies extended for three months until 7 Jan 2021. Preferential mortgages extended till 1 Jul 2021. Subsidies on utility bills extended till the end of 2020.	RUB 5tn national economic recovery plan to 2024 finalized in September. Draft 2021-2023 budget foresees new taxes on extractives, fertilizer as well as oil and gas industries.	Medium – Some tensions between federal and regional administrations, which are responsible for restrictions.	Medium – Significant testing capacity and fiscal room to support economy. Covid-19 bed occupancy stands over 80% across the country, with several regions reporting shortages. Potential start of vaccinations in early 2021.	Infections are surging in St Petersburg.
South Korea	New alert system has put nearly the whole control at the lowest level, enabling virtually all social activities provided public health guidelines are followed.	4 <sup>th</sup> supplemental budget included ~KRW 7.8tn (USD 6.7bn) for emergency relief programs for households and small businesses passed in late September. FY2021 budget will include more emergency relief.	FY 2021 budget proposal includes KRW 160tn (USD 141bn) in spending on programs related to Moon's "Korean New Deal" program	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 eased but new rising case numbers are being closely monitored.
Spain	Some regions have introduced more stringent lockdowns, but the government is still reluctant to introduce a nationwide solution.	Short-term employment scheme covering ~3mn workers has been extended to 31 Jan. Another extension will probably be discussed in Jan.	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 has delayed the adoption of public health measures.	Medium/Low – The main epidemiological indicators seem to be improving but lockdown fatigue seems to be on the rise.	The government is likely to win a crucial parliamentary vote on the draft 2021 budget on 12 November.
Australia	Australia has second consecutive day of zero local cases; VIC announces lifting of restrictions including the removal of the 25km travel limit although mask requirement remains.	NSW extends free preschool to end of 2021 & allocates additional A\$120 m to school equipment upgrades.	Reserve Bank announces new measures including cutting official interest rates to 0.1% & announces purchase of A\$100 billion in gov bonds over the next 6 months; gov's A\$7 billion in early tax cuts to start in coming week.	Medium – Tension continues between NSW and QLD premiers over border restrictions.	High – Australian CSL begins making Oxford/AstraZeneca vaccine at Melb facility, targeting first doses by 1H 2021 pending clinical trials / regulatory approval; Australia signs deals for Novavax & BioNTech vaccines.	Tax cuts begin from 16 Nov; NSW / VIC border will reopen on 23 Nov; VIC budget on 24 Nov.
Mexico	Normalization based on traffic light system. Two states at red (Chihuahua and Durango), 18 states at orange, 11 at yellow, and one green. System remains controversial.	Limited fiscal measures at no more than 1.2% 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 the return of Chihuahua and Durango to the highest level of restrictions, a so-called second wave looks possible even as the first wave never fully ended. Testing rates remain very low.

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Indonesia	Governments easing restrictions despite rising case numbers. Concerns of increase in cases as a result of 28 Oct-1 Nov holiday.	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.
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	As of 4 Nov., restaurants, bars, hairdressers, barbers, cinemas and all other similar entertainment venues and businesses would have to close at 10pm. Flexible working hours across both the private and public sectors are also encouraged. Schools remain open for now.	The government's economic program aims to achieve 5.8% growth in 2021, and 5% in 2022, 2023. This is utterly unrealistic absent structural reforms.	Amid investors' anxiety about Turkish economy and continuing disagreements with NATO allies, Turkey's Lira declined to a historic low of 8.56 against the dollar and nearly 10 against euro on 6 Nov. The 19 November meeting of the monetary policy committee will be crucial for the trajectory of the Lira.	Medium – The government continues to report only symptomatic cases, a practice criticized by the WHO. Medical professionals and opposition parties claim that the total number of cases is ten times greater than officially reported.	Medium – The government is resisting implementing tough measures to combat the pandemic despite fears that a second wave is taking hold in the country. On 6 Nov., Turkey reported 2,311 new Covid-19 'patients,' the highest daily death toll since 1 May.	Political and military tensions between Greece and Turkey continue. Turkey extended the seismic survey work of its Oruc Reis ship in disputed waters in the eastern Mediterranean until 14 Nov.
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 cause delay. Some state procurement will be required to target SMEs. Energy ministry pushing for USD 7bn projects. First phase of program to allow in limited number of tourists underway.	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	After the no-lockdown strategy led to a high death toll, local authorities are now able to impose lockdowns.	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.	The new local lockdowns are intended to work through strong recommendations from local authorities, for now lacking the element of hefty fines seen elsewhere.



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Nigeria	Gradual phase-out. Stage 3 entered 4 Sept; renewed again for four weeks on 19 Oct; 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 agriculture and manufacturing, 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	Strict restrictions put in place in March have finally been loosened in Buenos Aires conurbation (AMBA). Easing measures to remain highly cautious.	~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 highly cautious approach to lifting of restrictions and economic impacts. Occasional tensions between Buenos Aires and provincial authorities amid heightened political politicization.	Low – Health system has managed to avoid collapse. Human contact tracing program and contact tracing app are positive but not widely operational. Testing rates remain low.	Caseload remains high amid cautious easing of restrictions. A rise in positive cases as population circulates more freely could prompt return of some restrictions.
South Africa	Lockdown eased to Level 1 from 21 Sept; international travel permitted from 1 Oct, subject to country-specific restrictions. Social distancing remains in place.	A ZAR 500bn stimulus plan (including tax credits, social grants and credit guarantees) amid record fiscal constraints.	The economic recovery plan focuses on infrastructure, jobs, energy security, and 'reindustrialization'.	Medium – Tough tradeoffs between fiscal austerity and stimulating the economy are fueling divisions, as are PPE procurement scandals.	Medium – Rising infection rates could strain health services (including oxygen and PPE shortages) once more.	A fresh rise in Covid-19 cases may necessitate fresh restrictions, but the government will be reluctant to return to any hard lockdown amid economic and fiscal travails.

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