

## 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.	Low – Political will to pass a bill in the lame duck session remains unclear and will be dependent on the outcome of this week's elections.	Medium – Most states have health system capacity, but tracing and testing is shaky. Reopening has been rushed for political purposes.	The outcome of the election will influence any significant policy changes.
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.	Negotiations continue between national governments, the European Parliament and the Commission to achieve final sign-off for the recovery fund.
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	Okinawa prefecture and some private operators continue to abide by previous restrictions on public gatherings.	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	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	Some provinces extend restrictions, while others choose to relax certain public health measures.	The federal government announced CAD 205mn for Indigenous childcare, infrastructure and education.	Minister of Immigration tabled an immigration plan for 2021-2023 which will target 411,000 new immigrants as a key method of economic support during the recovery.	High – Opposition Bloc Québécois is asking for an official apology regarding the 1970 October Crisis. One of the country's main oppositions, the NDP has called for an end to for-profit long-term care homes.	High – hospital capacity remains stable and growth of second wave slows. Rapid tests are being delivered to provinces, who can choose how to deploy their resources.	Canada passes a milestone with more than 10,000 deaths recorded in the country since the pandemic began.

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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. Debating 2021 draft budget.	Medium – 67% of the public supports the new lockdown, but there is resistance from small business owners and local political leaders.	Medium/High – Around 3,578 Covid-19 patients are currently in ICU beds. France has 5,700 ICU beds but President Macron has said capacity will be increased to 10,000.	The measures introduced under the new lockdown – which entered into force on 30 October – will be reviewed every 15 days.
Italy	New set of rules to be published on 3 Nov. New measures include a nation-wide evening curfew and the closure of shopping centers on weekends. High school teaching will go fully online. Introduction of tier-based regional system to impose additional restrictions.	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.	Low – Exit strategy very politicized. Regional administrators and the central government disagree on further restrictions. Both sides are seeking to minimize the political backlash.	Low – Test and tracing system is overwhelmed. Pandemic is out of control in the north-west of the country and Calabria. Italy registered 31,758 new cases over the previous 24 hours on 31 October, a new daily record.	Demonstrations, which could turn violent, are expected to take place in main cities in the aftermath of the recent restrictions unveiled by the government. Far-right groups, football hooligans and elements close to mafia circles are reportedly behind the anti-lockdown riots that took place across the country.
Brazil	Cultural and social activities and public spaces now to reopen in several regions. Relaxed conditions have caused a 12.9% increase in infections in the last two weeks but country now with the lowest weekly moving average of deaths, 420, since 6 May.	Total impasse regarding extension of payroll tax cut – Congress may override presidential veto and extend it this week.	Government claims that new cash transfer program could be announced in December but 66% of analysts believe that is politically infeasible.	Medium – Congress and the federal government delaying voting on controversial matters until December or 2021.	Medium – National health agency ANVISA now authorized the importation of the raw material used to manufacture the CoronaVac vaccine - the "São Paulo vaccine" - developed by Chinese Company Sinovac and the state's health institute.	VP General Hamilton Mourão gave an interview to top weekly magazine contradicting the president and saying that the federal government will buy the CoronaVac. President's antivaccine stance is prompting public protests against mandatory vaccination.

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Russia	Remote work, self-isolation for the elderly and chronically ill, limits on mass events and entertainment, working time restrictions and mandatory registration in catering facilities, extended school vacations in most affected regions. Authorities rule out national 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. Potential start of vaccinations in early 2021. Bureaucratic inefficiencies, limited healthcare capacity beyond key cities, questionable data accuracy.	New cases in Moscow starting to plateau. Infections increasing in 33 out of 85 regions.
South Korea	Stricter controls relaxed for greater Seoul region following 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 eased after national holiday but new rising case numbers are being closely monitored.
Spain	Some regions have introduced localized 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 is delaying the adoption of public health measures. Protests against the lockdowns are on the rise.	Medium – Nationwide ICU occupancy is at 28%, but has surpassed 40% in the worst-affected regions.	The first parliamentary reading of the government’s draft budget will take place next week.
Australia	The country recorded no local cases on 31 Oct for first time in almost 5 months; Health Minister says ‘on track’ to open internal borders by Christmas but large summer events canceled in Sydney; NSW & VIC encourage contact tracing by businesses.	VIC to deliver Covid-19 budget on 24 Nov with Premier flagging investment and a “big repair job” ahead.	Reserve Bank flags that the economy appears to have emerged from the first recession in 30 years.	Medium – Degree of tension over state borders continues, NSW Premier says she will bill WA and QLD for hotel quarantine of their citizens while they kept their borders shut to NSW.	High – VIC sewage testing established as early warning system, NSW increases sewage testing; figures from Health Dep. indicate some aged care providers were denied PPE from the national stockpile, which the governor denies.	Interim report into VIC hotel quarantine system on 6 Nov; next phase of easing restrictions in VIC expected to be 8 Nov; WA to loosen hard border on 14 Nov.
Mexico	Normalization based on traffic light system. Chihuahua state returned to red, 19 states are orange (with three on alert to also return to red), 11 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.	The return of Chihuahua to the highest level of restrictions, and with cases increasing in seven other states, 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	The authorities acknowledged last week that the country is seeing a second peak in the Anatolian region. Turkey recorded 2,106 new Covid-19 "patients" and 74 deaths on 2 Nov. The country's overall tally now stands at 377,000.	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.	Lira fell to record low against the USD on 2 Nov as investors weighed the impact of geopolitical tensions and political influence over monetary policy. An emergency interest rate hike of around 500bps is needed to stabilize the currency.	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 – Last week, the government barred public health workers from quitting or retiring amid a surge in cases. The ban applies to doctors, nurses and other health workers in the public sector.	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 will now be 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.
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.



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Argentina	Restrictions in place until at least 8 Nov; 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 and Cordoba) continue to increase in importance, contributing to a growing caseload now exceeding 1.17mn cases.
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 could necessitate fresh lockdown restrictions, but the government will be reluctant to impose them amid economic and fiscal travails.

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