

## 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	As US caseloads continue to surge, individual states are beginning to impose new restrictions.	Despite outward optimism for a lame-duck stimulus deal, Democrat and Republican leadership still appear far apart.	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.	Government funding runs out on 11 Dec, but a shutdown is not likely. Confirming various leadership positions for both parties in the House is also on the agenda.
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.	Following vetoes from Poland and Hungary, negotiations over the budget and recovery fund continue.
China	Recent outbreak in Xinjiang is contained after 4.7mn tested in city of Kashgar.	Central bank said it intends to gradually roll back pandemic-related stimulus measures, but precise timeline is uncertain.	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. National government suspends some subsidies for travel, dining out.	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 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.	The third wave poses an increasingly serious political threat to Suga as he tries to balance economic stabilization and infection control.
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 64bn in extra borrowing are reportedly being considered for next year, increasing the overall figure to some EUR 160bn.
Canada	Spikes in cases continue. Toronto announced a return to full lockdown measures.	The federal government will prolong the wage subsidy program until June of 2021.	Negotiations are underway to provide support for hard hit industries such as aviation and tourism.	High – The continued rise in case numbers has prompted a call for a nationwide effort to stay home, while spending bills are quickly passed.	Medium – Federal and provincial governments claim to have prepared for the second wave, but national numbers continue to reach record numbers.	Health authorities indicated that if the current rate of transmission continues, Canada could see 20,000 new cases a day by December, four times the current count.

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India	Many restrictions back in place, inc. curfews, max 50 people gatherings, fines for not wearing a mask increased 400% in many state capitals. The health situation is compounded by pollution caused by burning of crop residue.	A third stimulus package of INR 9tn (USD 120bn) announced, taking the total virus relief to almost INR 30tn (USD 402bn), or 15% of GDP. Largely aimed at tourism, construction, and small business.	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. A production-linked incentive program worth INR 1.46tn (USD 20bn) for manufacturing units has been unveiled.	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.	A decision on opening international flights still pending. Government says half of India will be vaccinated by September 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.	The spending review is likely to focus on additional spending, but a politically divisive debate about eventual tax rises is already looming large.
France	Nationwide lockdown in place until 1 December.	Short-term employment scheme extended to 31 Dec, and 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 protests continue to take place across the country.	Medium/High – The number of Covid-19 patients in ICU beds has started to go down. State has ability to deploy vaccination campaign but mistrust towards vaccines is among the highest in Europe.	Macron to announce staggered exit from second lockdown on 24 November. Small shops likely to be allowed to reopen from 1 December.
Italy	Nationwide curfew. Many regions, including Piedmont and Lombardy, have been placed under partial lockdown with bars, restaurants and most shops closed, and people only allowed to leave home for essential needs.	The 2021 budget seeks to extend measures to support the economy. Expansionary measures in 2021 will total more than EUR 39bn. Rome is already considering another package worth EUR20bn to approve in Jan.	A new package worth EUR 10bn to support businesses hit by the 2nd wave was approved on 20 Nov. Rome will offer EUR 2bn in grants to covid-hit businesses and food aid for the poor. The government is also preparing an additional EUR 8bn to beef up existing aid schemes.	Low – Exit strategy very politicized. Regional administrators and 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 – Italy reported just under 700 deaths on 20 Nov., and more than 37,000 new cases. The resurgence of the virus seems to be stabilizing. Daily death numbers have hovered around the 700 mark for some days, still shy of the peak 969 during the deadly spring surge.	The most worrying data remained the occupancy rate of intensive care units, with more than 41% of all ICUs in the country occupied by Covid-19 patients, well above the 30% critical threshold.
Brazil	Growth in hospitalized patients in 15 Brazilian states; public health experts recommend stricter social isolation measures.	Economy Minister Paulo Guedes insists on "digitax" for December but no support for it.	President Bolsonaro's flagship cash transfer program Renda Cidadã likely only in 2021 depending on whether government plans to hand out further assistance in context of 2nd wave.	Medium – President belittling a second wave as governors start to signal greater need for social isolation. Mayors less vocal until runoff municipals on 29 November.	Medium – Health Ministry met with five laboratories in final vaccine testing stages but did not invite Sinovac, the São Paulo state partner in the development of CoronaVac.	Two-thirds of the populations of São Paulo, Rio de Janeiro and Recife favor stricter containment measures in the wake of a second wave. Hospitals back at 79% occupancy in Rio.

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Russia	Lockdown in one region (Buryatia) until 30 November. St Petersburg closing food courts in shopping malls starting 23 Nov. National lockdown unlikely.	Moratorium on bankruptcies extended until 7 Jan; preferential mortgages till 1 Jul 2021. Subsidies on utility bills extended to the end of 2020.	Draft 2021-2023 budget foresees RUB 693bn (around USD 8.4bn) spending on national economic and recovery plan.	Medium – Some tensions between federal and regional administrations, which are responsible for restrictions.	Medium – Significant testing capacity and fiscal room. Hospital bed occupancy is over 80%, with several regions reporting shortages. Potential vaccinations to begin early 2021.	Russian Direct Investment Fund expected to reveal the price of its Sputnik V vaccine by the end of November. Second reading of the 2021-2023 budget in parliament scheduled for 24 November.
South Korea	Rising case numbers has led authorities to re-introduce stricter social distancing measures in greater Seoul region.	4 <sup>th</sup> supplemental budget included ~KRW 7.8tn (USD 6.7bn) for emergency relief programs for households, small businesses. 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.	Authorities concerned that a growing number of cases linked to small gatherings could presage a wider surge in cases. If numbers continue to rise, other regions could reintroduce stricter social distancing.
Spain	The government is unlikely to introduce a nationwide lockdown. Regions will remain in control for now.	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. EU-supported EUR 72bn investment plan for 2021-2023. EUR 10bn to support car industry.	Medium/Low – The management of the pandemic continues to be highly politicized.	Medium – Regions have shown different ability to respond to a second wave.	Several regions are expected to start lifting restrictions between 26 November and 9 December.
Australia	SA lockdown relaxed; VIC eases restrictions including masks not required outside if able to distance; NSW set to ease hospitality rules this week.	VIC announced AUD 465mn voucher tourism package and AUD 5mn trial fund for sick leave in insecure industries such as hospitality.	Gov moves to expand business expense tax break; 650,000 jobs created in past 5 months including 180,000 in the first month of the lower JobKeeper and JobSeeker rate.	Medium – Debate continues on restrictions, border closures and providing quarantine for returning citizens; PM urged re-opening after SA outbreak caused border bans to be re-imposed.	High – Testing and contact tracing well-established.	Further VIC easing expected in early December; VIC budget on 24 November.
Mexico	Normalization based on traffic light system. Two states at red (Chihuahua and Durango), 14 states at orange, 14 at yellow, and two 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 was in process when pandemic struck, lacking PPE, limited testing capacities; government believes comprehensive testing is unnecessary.	The situation in Mexico City remains delicate as authorities are on alert for a return to the "red" level of restrictions; five other states are also on alert for a return to "red." Testing rates remain very low.
Indonesia	Governments easing restrictions despite rising case numbers.	~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.

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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	Evening lockdowns introduced on 21 Nov. Businesses such as bars & restaurants must close. Flexible working hours encouraged across private and public sectors. Ankara, Istanbul residents 65+ years must remain home save certain hours.	Finance Minister said government expected the economy to grow 0.3% this year, standing by the unrealistic estimate set by his predecessor. Revised medium-term (2020-22) economic plans expected in a few weeks.	Following a shakeup in the economic team, Central Bank raised a key interest rate to 15% on 19 Nov., pledging to fight high inflation and bolster the economy. Observers will watch for orthodox policies to stay, to help restore confidence in the economy.	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-twenty times greater than officially reported.	Medium – A record number of cases registered for the second day running on 22 Nov. The government has introduced partial curfews and other measures to curb rising cases, while health experts call for a full lockdown and more transparency in data.	European leaders will discuss the future of EU-Turkey relations at their summit in December. The EU has failed to persuade Ankara to stop exploring in waters disputed by Greece and Cyprus, but it has so far held off imposing sanctions that Athens and Nicosia are seeking.
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.
Nigeria	Gradual phase-out. Stage 3 entered 4 Sept; renewed again 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 criticism of slow lifting of restrictions and economic impacts. Occasional tensions between Buenos Aires and provincial authorities amid 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.

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South Africa	Lockdown at Level 1; international travel permitted, subject to testing. Health measures remain 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.	The government is concerned about a second wave, particularly in the Eastern Cape, but is reluctant to return to hard lockdowns amid economic and fiscal travails.

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