

GLOBAL ECONOMIC STIMULUS AND RECOVERY POLICIES: COMING BACK STRONGER

UNITED STATES

10% GDP

\$3T

Focus on SME's, Employee Retention and Support for Individuals

Washington has provided by far the most ambitious and far-reaching U.S. stimulus package ever, though the path to further stimulus is uncertain.

"This will deliver urgently needed relief to our nation's families, workers, and businesses...It provides for direct payments to individuals and unprecedented support to small businesses."
— Donald Trump

The U.S. stimulus efforts to date have provided nearly \$3 trillion in relief funds, including over \$600 billion in a grant program for small businesses, loans to larger distressed businesses, direct cash assistance to individuals, extra unemployment insurance, tax breaks for corporations, and support for state and local governments. The Treasury Department has also made trillions of dollars available to support liquidity and lending facilities.

EU

8% GDP

€1.25T (\$1.4T)

The EU proposing a green Marshall Plan

Member States will have to commit themselves in terms of climate, ecology and biodiversity.

"We know that the virus affects our countries in different ways and that this is why we face a risk that the economic impact of this virus will undermine EU cohesion and that the cohesion we actually need no longer exists."
— Angela Merkel

Following Member States' fiscal plans and the European Central Bank's €750 billion in flexible asset purchases, Brussels is expected to present an ambitious €500 billion (\$545 billion) Recovery Fund stimulus package based on a Franco-German initiative. Budget funding will be provided to sectors and regions most affected by the crisis, with increased investments to advance the bloc's digital and green transitions and reduce dependence in strategic sectors.

CHINA

9% GDP

RMB8.6T (\$1.2T)

Investing in tomorrow's infrastructure

Beijing wants to focus on 'new infrastructure' such as 5G, IoT and artificial intelligence

"China must accelerate construction of new infrastructures such as 5G networks and data centers and speed up key projects and major infrastructure construction already included in state plans"
— Xi Jinping

Fiscal support is being rolled out alongside and embedded within existing industrial plans, including RMB 1.6 trillion (\$225 billion) of additional special purpose bonds for local infrastructure projects, which are being carried out at pace. RMB 6.6 trillion (\$930 billion) of market liquidity and special lending has been issued to encourage and support financial institutions to lend.

JAPAN

28% GDP

¥108T (\$1.1T)

"Boldest-ever" stimulus package

Wide range of fiscal and monetary measures aimed to keep on track both Japan, inc and the more vulnerable important smaller business sector.

"We will draw up the boldest-ever package by using all policy tools, such as reducing or exempting tax payments and extending financial assistance"
— Abe Shinzo

¥100,000 (\$900) in direct payment to individuals. 1 trillion (\$ 9 billion) special subsidies to local governments so they can provide financial aid to companies, especially to target SME. ¥245 billion (\$2.2 billion) of Japan's record economic stimulus package has been earmarked to help its manufacturers shift production out of China. The extra borrowing will add to the industrial world's heaviest public debt burden, which is more than twice the size of Japan's \$5 trillion economy.

MIDDLE EAST

X% GDP

\$XX

Headline

XX

"Quote"
— Leader

INDIA

10% GDP

RS20.2T (\$265B)

Delhi to spur growth and build a self-reliant India

The plan has generous relief measures targeted towards Micro, Small and Medium Enterprises (MSME).

"This package will give a new impetus to the development journey of the country in 2020 and a new direction to the Self-reliant India campaign"
— Narendra Modi

Rs13.7 trillion (\$181 billion) of support for both SMEs and India's national champions. Support SMEs through tax break. Incentives for domestic manufacturing. Also aims to take local brands and make them global through value-chain. Rs6.5 trillion (\$86 billion) of liquidity measures and policy cuts.

AUSTRALIA

10% GDP

A\$410B (\$190B)

Steadying business and incomes

Canberra's stimulus will go to individuals in need and small and medium-sized businesses.

"Our plan has three goals. One, to protect Australians' health. Two, secure Australians' jobs and livelihoods. And three, set Australia up to bounce back stronger when the crisis is over"
— Scott Morrison

A\$168.8 billion to support business. A\$20 billion government loan guarantee for SMEs. A\$25 billion to support individuals and households. Provide a A\$90 billion (\$50.1 billion) funding facility for the banking system to increase lending to business.

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Economic stimulus measures around the world share a common goal of helping companies and economies recover from the impacts of the pandemic, but each country's stimulus efforts may differ in important ways, including their specific purpose and focus, intended beneficiaries, and modes of distribution. There are a few key points for companies to consider in navigating these dynamic developments and considering longer term implications on their societal license to operate:

1 Understand the Global and Local Political Landscape

For multinational companies in particular, it is very important to understand the distinction between different policies and types of relief measures, political environment and perception of their sector. Aligning your efforts with specific national or regional recovery priorities is key—from support to SMEs to focus on green recovery.

3 Be Transparent

Expect that your company's receipt of stimulus funds will be publicly known and potentially scrutinized by the press, investors and customers, so be prepared to explain why accepting the funds was necessary and how they were used—focusing on your employees and securing livelihoods.

2 Fulfill the Public Contract

Taking public money comes with increased scrutiny and expectations. Governments around the world expect companies to maintain employment, avoid pay cuts and lay-offs and reopen safely. Companies can demonstrate gratitude for public stimulus by being a cornerstone of the economic comeback in their communities and markets.

4 Make a Positive Contribution to Recovery

In extraordinary challenging times, companies have a unique opportunity to support not only their immediate communities and those most in need, but also in addressing pressing global challenges that are exacerbated by this crisis.



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