

# GLOBAL ECONOMIC STIMULUS AND RECOVERY POLICIES: COMING BACK STRONGER

## UNITED STATES 15% GDP

\$3T

### Focus on SMEs, employee retention and support for individuals

As part of the largest U.S. stimulus package ever, 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. Discussions are underway regarding additional stimulus measures though the outcome is uncertain.

## EU 4% GDP

€750B (\$825B) PROPOSED

### The EU Commission is proposing a Green Marshall Plan

The Next Generation EU plan entails a €750 billion (\$825 billion) stimulus envelope with grants and loans. Funds will be distributed following a three-pronged approach, 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.

Recovery measures will assist Member States in accelerating the transition to climate neutrality and increase investments in digital transformation, including public electronic identity, 5G infrastructure, digital supply chains and strengthening of cyber resilience across the EU.

It will now be negotiated among Member States for a January 2021 implementation. The proposal is inspired by a Franco-German initiative but has met opposition from some northern Member States which prefer a loan-based package without mutualized debt.

## CHINA 6.5% GDP

RMB6.3T (\$880B)

### Investing in tomorrow's infrastructure

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

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. Also includes RMB 1 trillion (\$140 billion) in special treasury bonds transferred to local governments and RMB 700 billion (\$98 billion) in earmarked spending.

## JAPAN 44% GDP

¥234T (\$2.2T)

### Comprehensive bailout with provisions for individuals, SMEs and Japan Inc.

Wide range of measures primarily aimed at keeping businesses afloat through direct payments, tax assistance and low-interest loans.

The majority of the stimulus funds are targeted at keeping Japan's corporations afloat. ¥1 trillion (\$9 billion) in special subsidies to local governments to provide financial aid for companies, especially targeting SMEs. ¥245 billion (\$2.2 billion) has been earmarked to help its manufacturers shift production out of China. It also provides ¥100,000 (\$900) in direct payment to individuals.

## GULF COOPERATION COUNCIL 3.3% OF COMBINED GDP \$120B

### Focus on banks and SMEs

Policy responses to the COVID-19 pandemic as well as the crude oil price slump have focused on bringing stability to the banking and business sectors through increased capitalization and augmenting financial support targeting SMEs, as well as direct support in the form of reduced fees and energy costs.

## INDIA 7% GDP RS15.2T (\$181B)

### Focus on creating a self-reliant India

The plan has major relief measures targeted towards Micro, Small and Medium Enterprises (MSME), farmers, small traders, vendors and urban migrant laborers.

This includes \$80 billion of support to micro, small, and medium industries, shadow banks and electricity distribution companies and \$105 billion of liquidity measures and policy cuts to revive various sectors of the economy. There are \$86 billion of relief for poor and migrant workers and credit to farmers and ramping up agriculture infrastructure and \$6 billion for structural reforms to liberalize coal, minerals, defense production and the aviation sectors.

## AUSTRALIA 13% GDP AU\$271.8B (\$180B)

### Steadying business and incomes

State and federal economic stimulus are targeted towards increasing capacity in the health system and cushioning the economic blow for businesses and individuals.

Federal contributions include a AU\$70 billion employee wage subsidy for businesses and AU\$70 billion for additional payments for welfare recipients and the unemployed. State government stimulus has focused on expanding capacity in the healthcare system and assisting priority sectors. Also includes AU\$90 billion funding facility from the Reserve Bank of Australia to help banks continue to lend to businesses.

# GLOBAL ECONOMIC STIMULUS AND RECOVERY POLICIES: COMING BACK STRONGER

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



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