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INTERNATIONAL MANUFACTURING POLICY AND PROGRAMME RESPONSES TO COVID-19

Final Report

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PREFACE

This report has been prepared for the Wood Processors & Manufacturers Association by Stephen Knuckey from MartinJenkins (Martin, Jenkins & Associates Limited).

MartinJenkins advises clients in the public, private and not-for-profit sectors. Our work in the public sector spans a wide range of central and local government agencies. We are a privately owned New Zealand limited liability company with offices in Wellington and Auckland.

INTRODUCTION AND BACKGROUND

MartinJenkins was commissioned by the Wood Processors & Manufacturers Association to undertake research on, summarise and identify major interventions being implemented overseas to support manufacturing, particularly in response to Covid-19. The assessment was undertaken as a follow-on to the Manufacturing Matters report (MartinJenkins, 2020) and as a potential input into the development of manufacturing-related Industry Transformation Plans. It recognised that the outcomes of those processes are unlikely to be implemented before the latter part of 2021 and that the manufacturing sector will continue to face significant pressure due to Covid-19 in the absence of additional support over the next 12 months.

Relevant offshore interventions have been identified through a review of:

- The International Monetary Fund (IMF) Policy Responses to Covid-19 Tracker – this database includes key economic responses that governments have implemented across 197 economies.
- The Asia Development Bank (ADB) Covid-19 Policy Database – this database tracks the policy responses of the 68 members of the Asia Development Bank.
- The World Trade Organisation (WTO) Covid-19: Support Measures table – this is a regularly updated list of trade and support measures implemented across WTO members.
- The World Bank Tracker of Subsidies and State Aid to mitigate Covid-19 Effects and Tracker of Industry-Support Measures in Response to Covid-19.
- OECD reports and data on key policy responses across different industries and economies (e.g., data on tax policy responses to Covid-19).
- The International Labour Organisation (ILO) Country Policy Responses database.
- The latest update of the Covid-19 International Manufacturing Policy Responses by the University of Cambridge (UK).
- MFAT Covid-19 Market reports.
- Covid policy announcements from relevant trade and economic departments in each country.
- A range of other Covid response stocktake reports and trackers.

In undertaking the review, we focused on interventions of relevance to manufacturing rather than the many initiatives worldwide focused on bolstering and supporting the recovery of the health sector or retail and tourism industries. We also focused on business and industry focused initiatives rather than those that were directed at individuals or were more macroeconomic in nature. For example, we did not include any Central Bank policies aimed at improving monetary conditions and the banking environment. Finally, we concentrated on key trading partners of New Zealand, although we also reviewed small, advanced nations and some other economies that have a strong base and reputation in manufacturing (e.g., Germany).

SUMMARY OF POLICY & PROGRAMME RESPONSES

Overall

All countries that New Zealand has major trading relationships with have put in place an array of measures to support businesses and industries in response to Covid-19. Over 2020, it was estimated that close to 200 countries had introduced Covid-related economic support measures, with a total cost of US$12-17 trillion, representing 13-19% of global GDP (WTO, 2020b).

As summarised in Table 1 (main trading partners) and Annex 1 (covering a larger range of economies), the most prevalent form of support has been financial, through the tax system, deferrals of payments and through loans/investment in businesses (for example, as at November 2020, 136 countries in the IMF tracker had introduced tax reductions/deferrals and 148 countries in the ILO policy response database had implemented forms of state financial support (WTO, 2020b)). The next most common type of support has been focused on supporting skills and talent, largely through wage subsidies (93 countries in the IMF policy response tracker had introduced such measures). Support measures have tended to be cross-cutting in nature, offered to all sectors, although with a focus on businesses that have been impacted significantly by Covid-19 related lock-downs and cessation of travel (i.e., largely transport, tourism and services, although manufacturing businesses have also generally had access to the support).

Table 1: Summary of policy and programme responses in New Zealand and major trading partners

	Financial				Innovation & R&D	Skills &Talent		Trade & investment		Capability		Manufacturing specific
	Loans/ Loan guarantees	Grants & business subsidies	Tax deferrals/ reductions/ waivers	Rent/ utility support		Wage subsidies	Training & apprenticeships	Market development support	Investment attraction & reshoring	Business development support	Digitalisation support	
Australia	✓	✓			✓	✓	✓	✓		✓		✓
Canada	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓
Germany	✓		✓			✓				✓	✓	

	Financial				Innovation & R&D	Skills &Talent		Trade & investment		Capability		Manufacturing specific
	Loans/ Loan guarantees	Grants & business subsidies	Tax deferrals/ reductions/ waivers	Rent/ utility support		Wage subsidies	Training & apprenticeships	Market development support	Investment attraction & reshoring	Business development support	Digitalisation support	
Japan	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Korea	✓	✓			✓	✓	✓	✓	✓		✓	✓
New Zealand	✓	✓	✓		✓	✓	✓			✓	✓	
USA	✓		✓			✓		✓				✓

Source: MartinJenkins analysis, IMF Policy Responses to Covid-19 Tracker, OECD 2020a, OECD 2020b.

Although national level support across countries has been significant, in some cases valued in the billions if not trillions of local currencies, there has also been a large amount of business support offered at state/provincial levels in other countries and local businesses have typically been able to secure a combination of both. This differs to the New Zealand situation, where specific regional/local support has naturally been more limited.

Another difference to New Zealand is that many countries have extended their key support measures beyond the initial periods of implementation (which were typically March-September 2020) into 2021 and beyond due to the longer-tail of Covid impacts they have experienced (noting that some New Zealand support measures, e.g., the Small Business Cashflow Scheme and Loan Guarantee Scheme, have continued to operate beyond 2020).

This also reflects that countries are transitioning from policies to manage the Covid-response, keeping businesses afloat and workers in jobs, to policies to kick-start and support recovery efforts. There are also signs of a resurgence of more substantial industrial/innovation strategies in some nations.

Details on the key support measures implemented in a selection of countries, at a national and local level, are attached in Annex 2. The following discussion summarises the major findings.

Financial support

Financial measures have been focused on supporting SMEs, in particular, to sustain liquidity and maintain operations and jobs during the lock-downs associated with Covid-19. The most common of these have been:

- The introduction or extension of loans and loan guarantee programmes, in partnership with banks and other financial institutions.
- Direct (typically smaller in value) grants to cover business operating costs.
- Tax, social security, debt, rent and utility relief measures. Where relevant, many local governments have also provided property/land tax relief.

Key differences between New Zealand and many other countries have been:

- The range of lending and grant measures available in each country. For example, Canada has introduced a combination of interest-free loans, loan guarantees, co-lending programmes and bridging finance at the federal level, while provinces have also introduced loans, loan guarantees and grants. Germany implemented a range of direct grants, equity funding, subsidised loans and guarantees. Singapore established and enhanced equity programmes, loan programmes and grants. Many of these initiatives apply different criteria to SMEs compared to large companies. Although other economies have offered a greater range of instruments, it is possible that this has added to the complexity for businesses in determining appropriate support.
- The use of rent and utility relief measures (e.g., Singapore, Japan, China, France). The New Zealand government attempted to encourage commercial landlords to provide more favourable terms for tenants through commercial property law changes (e.g., mandating at least 30 working days' notice before cancelling a lease because of overdue rent and requiring parties to negotiate fair rent payments, while providing funding to support arbitration), although the extent to which this created tangible benefits for businesses is unclear. Many other governments supported direct reductions in commercial and industrial rentals. For example, Canada introduced a rent assistance scheme to lower rent by 75% for affected small businesses; China had measures that exempted rent for SMEs that leased stated-owned assets; Japan introduced grants for rent payment to SMEs and sole proprietors; and Singapore provided rental relief for SMEs through a cash grant to property owners to offset rentals.
- As shown in Table 2 below, a range of tax measures have been adopted across countries, although deferrals of tax payments have been the most common. The period for deferral of corporate and other taxes has differed widely across countries – most countries initially offered a period of three months although several have extended this to 6-12 months. Most countries have adopted multiple measures and many established set deferral periods and waiving of interest/fines for eligible businesses. This was in contrast to New Zealand where a more discretionary approach was applied.

Table 2: Key tax measures used across countries

Tax relief measure	Example countries
Deferral of corporate tax payments/extension of payment deadlines	Austria, Argentina, Australia, Brazil, Canada, China, Denmark, France, Germany, India, Japan, Malaysia, United Kingdom, United States
Waiving of interest and fines in case of late payment	Austria, Argentina, Australia, Brazil, China, Finland, Indonesia, UK
Suspension or reduction in social security/HR taxes and contributions	Argentina, Australia, Brazil, China, Malaysia
Reduction in or exemption from VAT/GST	China, France, Republic of Korea, Malaysia, South Africa, UK
Expansion of tax incentives	Australia, Austria, Chile, Germany, Indonesia, Malaysia, South Africa, Sweden

Sources: Djankov and Nasr, 2020, OECD 2020c and MartinJenkins analysis

A few countries have adopted or enhanced accelerated depreciation or tax credit measures on plant and equipment (as distinct from R&D tax credits). New Zealand's Covid response in this area involved introducing depreciation deductions for commercial and industrial buildings and increasing the low value asset write-off from $500 to $5,000 for the 2020/21 tax year. Australia, Finland and Singapore have been more aggressive in this area. Australia increased the instant asset write-off threshold from A$30,000 to A$150,000 and allowed businesses with turnover of less than A$500m to deduct 50% of the cost of an eligible asset on installation (with assets including equipment as well as buildings). Singapore enabled businesses to claim capital allowances of 75% of the costs of plant and equipment in 2021 and the remaining 25% in 2022. Finland introduced double tax depreciation (up to 50%) on new machinery and equipment acquired and put into use over 2020-2023. Other countries, such as Germany and Italy, enhanced their depreciation or tax credit rates on investment in plant and equipment.

The relatively small number of countries that adopted new depreciation measures to respond to Covid-19 will reflect, in part, that several countries already had accelerated depreciation or tax credit measures for investment in plant and equipment in place (e.g., Argentina, Brazil, Canada, India, Indonesia, in addition to the countries noted above).

Jobs, skills and talent support

Consistent with New Zealand, many countries have implemented measures to subsidise the wages of employees temporarily out of work or on sick leave as a result of Covid-19. The major differences between the schemes have been in the magnitude of the subsidies, inclusions/exclusions, and how long the subsidies have been available.

In addition, several countries have expanded current programmes or introduced new initiatives to support the training and retention of employees or to encourage businesses to hire new trainees or apprentices. These programmes tend to be business-focused, consistent with New Zealand's Apprenticeship Boost initiative, although in contrast to New Zealand's job redeployment package which is project focused. For example, SMEs in Australia can get a subsidy to cover 50% of an apprentice's or trainee's wage for 9 months; provinces in Canada provide grants to businesses or reimburse business costs associated with upgrading staff skills; Singapore offers funding to employers to cover a proportion of trainees' salaries for six months; and businesses that hire new apprentices or place trainees in the UK receive a one-off payment.

Business capability support

Many countries have put in place programmes to support the acceleration of digitalisation of business operations, remote working and non-contact trade, as well as schemes to provide businesses with free or subsidised access to business continuity and capability expertise (similar to the combination of New Zealand's expansion of the Regional Business Partner programme and Small Business Digital Boost Initiatives). Often these involve relatively small scale grants, similar to New Zealand, but a few countries are using Covid-19 to incentivise a more extensive adoption of digital technologies. For example:

- South Korea is implementing a 'Digital New Deal' to build a digital economy and is supporting thousands of businesses to adopt remote working, take part in e-commerce, improve IT security and adopt AI solutions.
- Vietnam launched the National Digital Transformation Roadmap 2025, which sets targets and guidelines to help it reach goals related to e-government, e-economy and e-society (for example, for the digital economy to reach 30% of the country's GDP by 2030, compared to 5% in 2019) and the National E-Commerce Development Strategy for 2021-25, which includes specific measures to increase the participation of SMEs on e-commerce platforms.
- Singapore initiated and expanded a range of schemes to co-fund business digitisation expenses and the costs involved in adopting AI and data analytics.

Trade and investment support

Some countries have established programmes to support businesses to access existing or new markets, on top of the existing export support initiatives they offer, in order to mitigate the disruptions to travel and supply chains. For example, China has encouraged large businesses to cooperate with SMEs to secure new projects offshore; Canada has expanded its exporting support programmes to include e-commerce; South Korea has allocated a significant amount of funding to trade insurance and guarantees; and Singapore has expanded a range of initiatives to support internationalisation including tax deductions on marketing expenses, extended support for businesses to leverage digital marketing channels, and increased support for market development advice. However, this type of support has been less prevalent than other forms of support (e.g., the IMF identified that 19 countries had introduced specific initiatives to support exporters in response to Covid (WTO, 2020b)).

Although the initial response to Covid-19 in many countries was to create more stringent regimes for overseas investment, with a focus on national defence and protecting the security of health and food supply chains, investment attraction/facilitation and reshoring initiatives grew in emphasis over 2020. This was particularly the case in Asia, reflecting domestic concerns in several countries about a high reliance on foreign markets. Although many of these initiatives started prior to Covid-19, the pandemic resulted in an acceleration of progress or an expansion of scope. For example:

- Japan has introduced significant subsidies to encourage Japanese businesses to re-shore their production, including for co-investment, sales channel development and digitalisation.
- South Korea is providing tax cuts, funding for relocation costs and advisory services to re-shore 100 Korean businesses by 2022.
- Taiwan has introduced the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan, aimed at encouraging Taiwanese companies to shift production back from China in response to rising tariffs on Taiwan's electronics manufacturing industry. Incentives include fast-tracked utilities applications, land rental concessions, flexibility on the recruitment of foreign labour and preferential loan financing.
- Malaysia introduced the "Malaysia as an Attractive Horizon for Businesses" initiative, including significant tax incentives on major investments in manufacturing sectors (0% tax rate for 10 or 15 years) and for Malaysian companies re-shoring (100% investment tax allowance for 3 years); facilitated approval processes; and grants to assist Malaysia owned companies in innovation-based manufacturing and service industries to shift to higher value-added activities.
- China is providing active assistance to foreign investment projects to resume production, including accelerating approvals for import and export licensing and facilitating solutions to labour shortage issues.
- Indonesia introduced super-deduction tax breaks for qualified investments in R&D (300% tax reduction) and for businesses that establish skills training centres (200%) or expand or launch investments in labour-intensive industries (60%).
- Thailand introduced the Thailand Plus incentive package for major investments, including 50% corporate tax reduction for five years and tax deductions for investment in automation and training in advanced technologies.

Innovation and R&D support

Somewhat surprisingly, relatively few countries appear to have introduced large scale support measures focused specifically on deepening investment in innovation & R&D in response to Covid-19, with the exception of measures that were focused on funding vaccine and health product R&D. Again, this may simply reflect that most economies have a range of support initiatives and incentives in place to increase investment in innovation/R&D already.

Where countries have introduced such support in response to Covid-19, it has been either directed at accelerating investment in digital technologies (as noted earlier) or has been focused on using the crisis to increase investment in low-emission technologies and to assist the respective economies to transition to a low carbon future. The OECD identified that at least 30 countries had included such measures as part of their recovery programmes or strategies, including through the use of grants and loans directed towards green transport, circular economy and clean energy R&D, and financial support for businesses for energy efficiency improvements (OECD, 2020d). For example:

- Australia – launched the Technology Investment Roadmap to accelerate the development and commercialisation of low-emissions technologies, with a view to investing in energy storage and low-carbon materials, amongst other things.
- South Korea – the Green New Deal is focused on supporting the economy to move towards a net carbon zero economy and includes the development of clean factories and remanufacturing technologies.
- Denmark concluded a landmark climate change agreement in June 2020 to quadruple the country's offshore wind energy capacity by 2030, invest in green technologies of tomorrow and support the green transition of industry.
- Japan – has introduced an Environment Innovation Strategy to reduce GHG emissions and achieve carbon neutrality. This includes Innovation Action Plans for the establishment of innovative technologies by 2050. Japan also released the "Green Growth Strategy towards 2050 Carbon Neutrality", which identified deadlines and technological challenges for 14 priority areas (e.g., use of hydrogen, rechargeable batteries, wind power etc)

Procurement initiatives

Not surprisingly, given the restrictions on the movement of people and goods across borders, most countries have also implemented a range of initiatives to accelerate local procurement and encourage domestic purchasing. These include fast-tracking of major infrastructure projects, allowing exceptions from standard procurement practices, improving purchasing approval processes for key sectors such as construction, fostering SME participation in local procurement, excluding offshore tenders from certain types of procurement, specifying local content requirements in major procurement projects, and promoting local producers and goods. For example:

- Australia – Northern Territory required public tenders for major infrastructure projects to specify at least a 30 percent local content requirement; Western Australia streamlined tender processes and documentation to reduce compliance costs for businesses involved in procurement processes.
- South Korea – increased the funding ceiling for small contracts that could be approved without tender procedures and reduced bidding deposits.
- India – global tenders were excluded from government procurement of up to INR 2 billion in order to encourage a greater level of self-sufficiency.
- Israel – encouraged residents to buy from local SMEs through co-investments in local marketing.

Manufacturing focused initiatives

As noted earlier, the vast majority of Covid-related policy and programme responses across countries have been applied across all sectors of the economy, or towards sectors that rely on travel such as tourism and transport. However, much of the general support established has been available to manufacturing firms in each country (and some, such as investment attraction & re-shoring, market development support and R&D support for circular economy activities, will tend to be weighted towards manufacturing), although it is not possible to identify the extent to which support has been taken up by the sector relative to others.

Where there has been a focus on manufacturing, support has typically been targeted to health product and pharmaceutical manufacturing to increase the resilience of countries to the impact of the virus, or to transport-related manufacturing, and/or to manufacturing sub-sectors that are critical for domestic food supply. For example, Canada has supported an Advanced Manufacturing Supercluster to develop solutions to contribute to the fight against Covid-19; the USA National Emergency Assistance Programme provided funding support to manufacturing institutes to undertake high-impact projects to respond to the pandemic; and France released an aerospace support package including an investment fund to boost the development of medium-sized suppliers, support to help aerospace sub-contractors to modernise plants, and funding for R&D into environmentally friendly aviation technology.

However, there have been a few examples of broader and significant manufacturing programmes and policies established or accelerated in response to Covid. For example:

- Australia launched the Modern Manufacturing Strategy in 2020, with A$1.5b of investment to help manufacturers scale-up, improve competitiveness and build more resilient supply chains. It includes A$1.3b of co-investment in large-scale manufacturing projects that support business-to-business and business-to-research collaboration, to help manufacturers commercialise good ideas and to help manufacturers integrate into local and international supply chains and markets. The projects must be aligned with national manufacturing priorities, which include resources technology and minerals processing, food & beverage, medical products, recycling & clean energy, defence and space. In addition, expert industry-led teams will develop roadmaps for progressing each of the national manufacturing priorities. As part of the strategy, an additional A$53m was provided for a second round of the Manufacturing Modernisation Fund, focused on co-funding technology upgrades that help transform businesses and help create and maintain a highly skilled workforce (through grants of A$100,000 to A$1m on a 3:1 funding basis).
- South Korea introduced a Materials, Parts and Equipment 2.0 Strategy, supported by 5 trillion won of investment, to develop new technologies in the relevant manufacturing sectors and to reduce the economy’s dependence on imports. It includes support for 100 leading companies and significant funding to accelerate investment in R&D and business development.

- Singapore has announced a 10-year plan to grow Singapore's manufacturing sector by 50 percent by value in order to maintain the sector's share of GDP. The focus is on supporting a greater proportion of businesses in the sector to move into advanced manufacturing and to compete on intellectual property, quality and innovation rather than cost. The strategy has three main elements: 1) continue to attract best in class manufacturing businesses to Singapore; 2) grow a larger proportion of mid-sized manufacturing companies by supporting the development of their capabilities and the adoption of Industry 4.0 and better connecting businesses with higher learning and research institutions; 3) work with polytechnics and universities to make engineering and manufacturing more attractive to young people and to upgrade the skills of older workers in the sector.

We would expect to see an increasing number of such strategies developed or updated as economies move into recovery mode, noting that a large number of economies already have manufacturing or industrial strategies in place (according to UNCTAD, 84 economies adopted formal industrial development strategies over 2013 to 2018 and at least 110 economies have issued industrial policy statements or policy frameworks over the past decade) (UNCTAD, 2018; 2020).

Covid-related support in the context of trade challenges

Business and industry support that has been introduced in response to Covid-19 could result in a longer-term increase in barriers to trade, given that many of the incentives represent direct subsidies to enhance domestic competitiveness, local purchasing and, in some cases, export development. The WTO report on G20 Trade Measures in November (WTO, 2020b) identified that 411 Covid-19 economic support measures had been introduced by G20 economies over mid-March to mid-October 2020, although many of these were temporary in nature. The WTO noted that this was greater than the number that were introduced during the 2008-2009 GFC and that they were much more comprehensive in scope. It is not clear yet if these measures will distort competition and trade in future – this will depend on how long remaining measures stay in place – but it is a risk.

Beyond these measures, there was an increase in other trade barriers in the lead up to June 2020 as economies focused on protecting their domestic markets and supply chains. The WTO report on Trade Measures in June (WTO, 2020a) indicated that 59 trade restrictive measures had been introduced, with around half of these linked to Covid-19. These were largely export bans (e.g., of health or food products) or related to restricting foreign investment in areas considered strategic or linked to domestic security. However, the remaining trade restrictive measures reflected broader global trade tensions. As discussed in the Manufacturing Matters report (MartinJenkins, 2020), these tensions reflect a decline in public and political support in many countries for trade liberalisation. The WTO estimated that close to 3% of G20 trade was affected by non-Covid related measures in the period up to June – these include tariff increases, import bans and stricter customs procedures (WTO, 2020a). In addition, 177 trade remedy actions were recorded. On the other hand, the WTO also identified that 95 measures had been introduced over the period that were trade-facilitating (e.g., reductions in import duties, simplified customs procedures) (WTO, 2020a).

Over mid-May to mid-October 2020, however, only 18 trade restrictive measures (mostly tariff increases) and 19 trade facilitating measures were identified by the WTO (WTO, 2020b) – a marked reduction from the previous period. This likely reflected the decline in global trade due to Covid. There was also a roll-back of some of the previous Covid-related trade restrictive measures with constraints on trade in health and other essential products being phased out (close to 40 percent of the measures implemented due to Covid were repealed) (WTO, 2020b).

Despite the slow-down in the introduction of trade restrictions in the latter part of 2020, over the long-term the stock of such restrictions has grown steadily (in value terms and as a percentage of world imports), with significant growth in restrictions since 2016. The WTO estimated that, at the end of 2019, over 10% of the value of G20 imports were affected by import restrictions (WTO, 2020b). Indeed, during the period mid-May to mid-October 2020, trade remedy actions and the notification of specific trade concerns increased, with 200 actions recorded and 149 notifications raised at the WTO (WTO, 2020b). Relatively large proportions of these were for rubber, plastics and iron and steel products.

A large proportion of the trade barriers imposed since 2018 reflect the trade war between the United States and China (although this has eased over the last year following the phase one trade deal between the two economies) and related disputes between the US and the EU. However, other major economies such as Russia (through subsidies for local industries and measures to encourage import substitution), India (through import licensing requirements, tariffs, export subsidies and investment restrictions) and Indonesia (through import licensing requirements and local procurement preferences) have also introduced a range of manufacturing-related trade barriers over several years. Given the impact of Covid-19, it is unlikely that trade barriers will reduce in the medium-term.

The impact on New Zealand's manufacturing sector will vary across sub-industries and exposure to/reliance on different markets. As a specific example, the forestry and wood processing sector is being impacted directly through higher costs to access some markets and indirectly through having to compete with subsidised competitors overseas and through significant changes in supply and demand resulting from trade distortions (in addition to distribution delays through Covid-related shipping constraints). Some of the existing or looming impacts are resulting from:

- High tariffs that China has imposed on US exports of hardwood and softwood logs leading to US companies seeking new markets and China seeking new sources of supply (although China has removed the tariffs on certain logs from the US for one year).
- China's recent ban of logs from the Australian states of Queensland and Victoria (on the basis that they have detected live pests) and extension of the ban to Tasmania and South Australia, requiring Australian log exports to be diverted to other markets.
- Canada's ongoing restrictions on the export of logs.
- Russia's plan to introduce a ban on unprocessed or roughly processed logs and proposed programme of subsidised loans for investing in wood processing facilities in an effort to encourage domestic processing. This represents another step in Russia's domestic processing incentives, following export taxes and quotas on logs.

The combined impact of these measures will see lower log supply from some major markets to China and lower than normal inventory in China, which will likely drive higher prices, growth in demand for New Zealand logs and potential price and supply issues for domestic processors (although local construction demands and freight restrictions may negate this). These challenges are on top of the tariff and non-tariff barriers that wood processors face in exporting timber to markets such as China and India and having to compete against subsidised timber products (see the Manufacturing Matters report for more detail (MartinJenkins, 2020)). A specific, recent example has been the dumping of subsidised wood mouldings and millwork products in the United States by Chinese producers, resulting in the imposition of significant antidumping and countervailing duties.

A key trade development that has been accelerated by Covid-19, which the manufacturing sector will need to keep abreast of, is the EU's work on introducing a Carbon Border Adjustment Mechanism. The European Commission plans to propose a bill for such a mechanism in 2021, with a view to introducing a mechanism in 2023. It this occurs, other economies are likely to follow suit (President-elect Biden has indicated his administration would also seek to introduce such a mechanism). Such a scheme could have a significant impact on New Zealand's competitiveness in several product areas (positively and negatively). As noted in the Manufacturing Matters report (MartinJenkins, 2020), a New Zealand equivalent scheme could be a useful way of managing potential carbon leakage by ensuring that imported products face the same pricing for embedded emissions as New Zealand producers would for equivalent goods (noting that the allocation of free emissions units under the Government's Industrial Allocation policy currently helps potentially exposed businesses to manage the risk of carbon leakage – although the free allocation is being phased out). There are significant implications of such mechanisms for manufacturers as there will be added incentives and requirements to reduce, measure and report products' carbon footprints.

The importance of a coherent and best practice approach to support manufacturing competitiveness

Although New Zealand has rebounded well from the recession, GDP and production have not yet returned to pre-Covid levels and manufacturers will continue to face disruptions to international supply chains and uncertain demand in international markets as trading partners take a longer time to recover. With the cessation of key elements of New Zealand's Covid business support, New Zealand manufacturers are facing a period over the next 12 months where they will be increasingly competing against businesses in other countries that are continuing to receive support (and a wider range of support) and in an environment where trade barriers will remain high and likely grow. Moreover, as more economies transition from managing the Covid response to supporting recovery (and reflecting that Covid-19 has led to widespread acceptance that governments have an important role to play in economic development), we will likely see a much greater level of investment by offshore governments in comprehensive innovation and manufacturing strategies/policies.

It is well recognised that New Zealand has limited influence on the economic and trade policy of other nations and that multilateral efforts to create a level playing field (e.g., through the WTO) are currently having limited effectiveness. This points to the importance of domestic efforts to support the competitiveness of manufacturing and it is clear that offshore governments have turned to a range of non-tariff and domestic promotion measures to support economic recovery and resilience, national security and greater self-reliance (an approach termed 'geoeconomics' or 'strategic capitalism'[1]).

As was recommended in the Manufacturing Matters report, developing and implementing a comprehensive manufacturing or industrial strategy will be an important way of doing this (MartinJenkins, 2020). In this context, it is positive to see that the Government is progressing Industry Transformation Plans for forestry and wood processing, food and beverage manufacturing, advanced manufacturing and agritech, although there is a question about the merits of developing sub-industry plans but not a comprehensive, industry-wide manufacturing strategy (see Box 1 – Lessons from Australia's Modern Manufacturing Strategy).

Furthermore, with intended completion dates of mid-2021 for several Transformation Plans, any initiatives that result from the Plans will likely not be in place until the end of 2021 at the earliest. This represents a potential missed opportunity over 12 months or more to encourage higher levels of investment in productivity enhancing assets, technologies and processes and to support a stronger manufacturing recovery, particularly given the opportunity to take advantage of New Zealand's privileged position of being virtually Covid-free. There are lessons from the approaches of other countries noted in this report and in Manufacturing Matters that could be considered over this period, for example, implementing measures to:

- Significantly accelerate investment in digital, Industry 4.0 and low-emissions technologies, e.g., through targeted accelerated depreciation, increased industry-good R&D funding.
- Improve domestic manufacturers' access to the pipeline of major infrastructure and housing projects being delivered over the next decade and to support the transition to a low carbon economy, e.g., pre-commercial procurement processes with industry, procurement requirements for partnerships with local businesses, content requirements such as criteria on local capability or carbon neutrality.
- Proactively target and attract enterprises, entrepreneurs, investors and highly skilled talent that have the potential to participate in, partner with and/or invest in New Zealand's manufacturing sector, leveraging the opportunity associated with New Zealand's current 'safe haven' status.

[1] See, for example, D'Aveni, 2012; Roberts, Moraes and Ferguson, 2019; Moraes and Wigell, 2020.

Box 1 – Lessons from Australia's Modern Manufacturing Strategy

- Comprehensive – Australia's Strategy is broad and covers a combination of policies and initiatives related to energy, skills, tax, regulation, industrial relations, science and technology and trade. Trade policy and initiatives are being considered in conjunction with economic policy.
- Industry-wide – The Modern Manufacturing Strategy is being developed in addition to sub-industry plans/roadmaps. This will help ensure that cross-cutting and larger impact issues and opportunities are addressed and avoids the potential for duplication and overlap that could occur by focusing only on sector-based plans.[2]
- Co-designed – Australia's Strategy has been co-designed and co-led between the public and private sectors and further work on sub-sector roadmaps will also be co-designed.
- Well-resourced – As noted, the initial investment in implementing the Strategy has been relatively large (it would equate to around NZ$435m based on manufacturing's share of GDP in New Zealand) and further investment is intended.[3]

[2]. Canada also released a broad industry strategy in December 2020 to support Covid recovery, covering a range of policy areas and sectors. Earlier examples of such approaches are found in the industry strategies of the UK, China, Germany, Singapore, amongst many others, as described in Manufacturing Matters.

[3] The need for a genuine co-development process and well-resourced implementation is consistent with the Productivity Commission's recent views on what makes a successful industry/innovation strategy. In their latest report on building frontier firms, they emphasise that success will require effective leadership in the form of genuinely shared decision-making across government, industry and research leaders, and a large step up in resources and focus from what has typically been the case in New Zealand (Productivity Commission, 2020).

ANNEX 1: POLICY & PROGRAMME RESPONSES IN A SELECTION OF ECONOMIES

	Financial				Innovation & R&D	Skills &Talent		Trade & investment		Capability		Manufacturing specific
	Loans/ Loan guarantees	Grants & business subsidies	Tax deferrals/ reductions/ waivers	Rent/ utility support		Wage subsidies	Training & apprenticeships	Market development support	Investment attraction & reshoring	Business development support	Digitalisation support	
Argentina	✓		✓			✓		✓			✓	
Australia	✓	✓			✓	✓	✓	✓		✓		✓
Austria	✓	✓	✓	✓		✓					✓	
Canada	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓
Chile	✓	✓	✓	✓		✓		✓			✓	
China	✓		✓	✓		✓	✓		✓		✓	
Denmark	✓	✓	✓		✓	✓	✓					
Finland	✓	✓	✓		✓							
France	✓	✓	✓	✓	✓	✓	✓	✓			✓	
Germany	✓		✓			✓				✓	✓	
India	✓		✓			✓						
Indonesia		✓	✓			✓			✓		✓	
Israel	✓		✓	✓		✓						
Japan	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Korea	✓	✓			✓	✓	✓	✓	✓		✓	✓
Malaysia	✓	✓	✓			✓	✓		✓		✓	
Russia	✓		✓			✓						
Singapore	✓		✓	✓		✓	✓	✓		✓	✓	✓
South Africa	✓	✓	✓			✓		✓				
Sweden	✓	✓	✓	✓		✓		✓				
Taiwan	✓		✓	✓		✓	✓		✓	✓		
Thailand	✓		✓	✓	✓	✓	✓		✓			
UK	✓	✓	✓	✓	✓	✓	✓					
USA	✓		✓			✓		✓				✓

ANNEX 2: DETAILS OF KEY INITIATIVES BY COUNTRY

Australia

Table 3: Major policy and programme responses in Australia

Fiscal	R&D & innovation	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
Federal • *Boosting cashflow for employers* – temporary cash flow support to SMEs (with turnover of less than A$50m) to keep operating. Tax free cash flow boosts of between A$20k-$100k to eligible businesses delivered through credits when they lodge tax activity statements up to the end of Sept 2020. • *Instant Asset Write-off* – increased threshold for instant asset write-off from A$30k to A$150k and expanded to include businesses with turnover of less than A$500m (up from A$50m). Applies from 12 March to 31 December 2020 for new or second-hand assets used or installed ready for use. • *Coronavirus SME Guarantee Scheme* – provides a guarantee of 50% to SME lenders (turnover up to A$50m) for new unsecured loans to be used as working capital. Up to 30 September, provided maximum loans of $250k per borrower, a term of 3 years, with an initial 6 month repayment holiday. From 1 October, loans can be used for a broader range of purposes; the maximum loan has increased to A$1m per borrower; and the loan term up to 5 years; and the loan can be secured or unsecured.	**Federal:** • *Backing Business Investment* accelerated depreciation deductions – a time limited 15 month investment incentive to support business investment. Businesses can deduct 50% of the costs of an eligible asset in the year the asset is used or installed for use. Applies to eligible assets acquired from 12 March 2020 and first used or installed by 30 June 2021 (for businesses with less than A$500m turnover). Value of A$3.2 billion in the period ending 2023-24. • *Technology Investment Roadmap* – a strategy to accelerate the development and commercialisation of low emissions technologies. The statement outlines priority technologies and stretch goals to make new technologies as effective as existing technologies. These relate to hydrogen production, long duration energy storage, low carbon materials, CCS-CO2 compression, transport & storage, and soil carbon measurement. Accompanied by a A$1.9b new energy technology package, which included a A$95.4m Technology Co-Investment Fund to support businesses in agriculture, manufacturing, industrial and transport sectors to adopt technologies that increase productivity and reduce emissions; a A$50m investment in a Carbon Capture Use and Storage Development Fund, a A$74.5m Future Fuels Fund, and A$70.2m in a hydrogen export hub.	**Federal:** • *Jobkeeper payment* – to support businesses significantly affected by Covid-19 to keep Australians in jobs (covers employees, sole traders, partners). Available to eligible businesses until 28 March 2021 (businesses with an annual turnover of less than A$1b with turnover estimated to fall by 30 percent or more on the comparable period a year ago; for businesses with turnover greater than A$1b, turnover must be estimated to fall by 50 percent or more). Up to 27 September, it was A$1500 per fortnight. For 28 Sept-3 January, it is A$1,200 per fortnight or $750 per fortnight depending on the number of staff hours. From 4 January to 28 March 2021, it is A$1,000 per fortnight or $650 per fortnight depending on staff hours. • *Boosting Apprenticeship Commencements* – wage subsidy to support employers of any size to engage new apprentices or trainees after 5 October 2020. Subsidy of 50% of wages paid to an apprentice between 5 Oct 2020 and 30 Sept 2021, to a maximum of A$7,000 per quarter.	**Federal:** • *International Freight Assistance Mechanism (IFAM)* – three rounds of funding (A$110m in April 2020, A$241.9m in July 2020 and A$317.1m in October 2020) to keep domestic and international freight routes and flights operating until mid-2021 for time sensitive and perishable exports (e.g., dairy, horticulture, meat products). Involves logistical and administrative support for international freight movements by aggregating cargo loads, negotiating with airlines and dealing with partner governments to facilitate clearances and improve transparency of freight costs during the pandemic. IFAM does not provide individual funding for exporters or importers. • Regional Airline Network Support Programme - A$198m of grants to support critical air services to connect regional Australia to freight, medical testing, supplies and essential personnel. • A A$49.8 million increase in funding for the *Export Market Development Grants* (EMDG) scheme. Funding for the scheme will allow recipient businesses to obtain additional reimbursements for costs incurred in marketing their products. This supplements the additional A$60 million already committed to the EMDG scheme in FY 2019-20, bringing total funding to A$207.7 million for the 2019-20 financial year. • A A$500 million *Export Capital Facility* to allow previously profitable Australian export related businesses impacted by Covid-19 to access loans from A$250,000 to A$50 million, if they have been unable to secure loans from the private market.	**Federal:** • A A$1.5b *infrastructure stimulus package*, including A$1b for shovel ready projects that could commence by the end of December 2020. Included a range of transport projects across states.	**Federal:** • *Financial counselling* for small businesses. A$4.785m to provide eligible small regional businesses affected by Covid-19 with access to free and confidential financial counselling.	**Federal:** • *Measures to help commercial renters*, including a temporary hold on evictions and a mandatory code of conduct to support SMEs affected by Covid. • *Temporary relief for financial distressed businesses* – higher thresholds and more time to respond to demands from creditors	**Federal:** • *Modern Manufacturing Initiative and National Manufacturing Priorities* – A A$1.3b initiative and priorities to help Australian manufacturers scale-up, collaborate, commercialise. Supports the implementation of the Modern Manufacturing Strategy. Includes co-funding for large manufacturing projects that have broad benefits across national manufacturing priorities. These include projects related to business-to-business and business-to-research collaboration; for innovation and to help manufacturers integrate into local and international supply chains and markets. • *Supply Chain Resilience Initiative* – a A$107.2 million initiative to address vulnerabilities in domestic and international supply chains for identified critical products. Businesses can access support to establish or scale a capability to address a vulnerability. • *Manufacturing Modernisation Fund* – A$100m fund over two rounds to support selected firms by fast tracking capital investment to help them take on new employees, upskill workers, and invest in new technology. Offers grants of A$100,000 to A$1m on a 3 to 1 funding basis.

Fiscal	R&D & innovation	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
State and territory: • *Tax relief for eligible NSW businesses impacted by Covid-19*. Payroll tax deferral and stimulus payment arrangements for all businesses. Included a 25% reduction of tax liability for businesses with wages of A$10m or less for the 2019/20 financial year; and an increase in the tax free threshold from A$900,000 to A$1m. • *NSW Small business support grant* – A$750m of funding to keep small businesses afloat. Eligible businesses must have between 1-19 employees and a turnover of more than A$75,000; a payroll below the tax threshold of A$900,000; have experienced at least a 75% decline in turnover compared to the same two-week period in 2019; and use the funding for unavoidable business costs such as utilities, overheads, legal costs and financial advice. • *Covid-19 Payroll Tax Relief Queensland* – deferral of payroll tax payments for the rest of 2020. • *Covid-19 Tax Relief Measures South Australia* –a six-month payroll tax waiver for businesses with wages up to A$4m; a six-month payroll tax deferral for businesses with wages over A$4m that can demonstrate that they have been significantly impacted by Covid-19; land tax relief for landlords who provide tenants with rent relief; land tax deferral for up to six months. • *Small Business Grants South Australia* – funding of up to A$10,000 for employing businesses and A$3,000 for non-employing businesses that have been highly impacted by Covid-19. • *Business Support Fund Victoria* – grants of A$20,000, A$15,000 or A$10,000, depending on business size, to businesses with a payroll of up to A$10m that have been affected by Covid-19. • *Sole Trader Support Fund Victoria* – grants of A$3,000 to sole traders who have been impacted by Covid-19 restrictions to help towards overhead costs and to help transition them to recovery (e.g., for business continuity, operations and marketing advice). • *Covid-19 Tax Relief Measures Victoria* – amongst other measures, includes payroll tax relief (businesses with annual wages of up to A$3m will have their payroll tax waived for the 2019-20 financial year and defer tax for the first quarter of 2020-21; businesses with payrolls of up to A$10m can defer payroll tax liabilities until 2021-22; and a range of land tax reductions and deferments for land subject to commercial and residential leases.	**State and territory:** • *Boosting Innovation Grants ACT* – funding of between A$10k-A$30k to support start-ups and innovative businesses towards new customers and markets during Covid. Grants can be used for marketing, testing, business development, digital transformation, and product development. Businesses must have been trading for at least 12 months and have annual revenue of less than A$50m • *Business Improvement Grant Northern Territory* - A$20m of support for Northern Territory businesses to access $10,000 grants for upgrades to or purchases on plant and equipment. Available to all businesses. • *Business Rebound and Adaptation Grant Northern Territory* – effectively an extension of the above – broadened to include training and professional services as well as improvements to plant and equipment. Matched funding of up to A$10,000 available to businesses with less than 200 employees and a minimum turnover of A$75,000 in the previous year (and be able to demonstrate a 30% reduction in turnover. • *Reallocation of New Industries Fund Western Australia* – additional funding for the Innovation Vouchers Programme, to the Data Science Innovation Hub and AustCyber Innovation Hub. The Vouchers programme supports SMEs to access professional skills, services or knowledge to advance their ideas and commercial activities. The Innovation Hubs advise start-ups and SMEs on cyber security and the use of data science for business development.	**State and territory:** • *ACT – Priority Investment Programme.* Aims to enable collaboration between the ACT government, industry, research & tertiary sectors to attract investment and grow established and emerging priority sectors (e.g., space, defence, renewable energy, agri-tech). Funding is available on a competitive basis to projects that demonstrate how they will attract and retain an inward flow of investment and talent into priority sectors. • *Skilling South Australia* – support for businesses to employ apprentices or trainees. Up to A$5,000 for hiring a new apprentice; up to A$1500 for equipment and services, including online training; a travel and accommodation allowance associated with hiring an apprentice or training for businesses in rural or regional areas; and up to A$5,200 off the Group Training Organisation charge out rate. • *Working for Victoria Fund* – matches up skilled unemployed people with businesses looking for staff. • *Tasmania* – Rapid Response Skills Matching Service. Helps business find staff and workers find a new job or training opportunity.	**State and territory:** • *Export Assistance Grant NSW* – funding of up to A$10,000 for exporting businesses to help them access global markets. Businesses can apply for a reimbursement of eligible expenses, including marketing materials, website internationalisation, pivoting to online delivery, e-commerce development, market research, international tradeshows and trade businesses etc. Businesses must be currently exporting or exporting prior to the impacts of Covid-19 (or bushfires or drought), employ a minimum of 3 FTEs, have turnover of up to A$100m, or have turnover of greater than A$100m if they can demonstrate an export turnover decline by more than 30% in the 2019-20 financial year. • *Regional Job creation fund NSW* – provides co-funding for projects that create 5 or more sustainable jobs within NSW, including those that involve upgrading plant or equipment, establishing additional production, or relocating a business from interstate or internationally to NSW. • *Support to help Victorian exporters get their products to market by addressing logistics* and supply chain issues caused by Covid-19 and establishing new trade channels.	**State and territory:** • Regional *Growth Fund – Strategic Business Round South Australia*. Matched funding of between A$50,000 and A$2m for shovel ready projects available to incorporated organisations, clusters and individual commercial enterprises that have shovel ready projects ready to roll out. Eligible projects include not only infrastructure but innovation projects and branding and marketing associated with higher value markets. Projects have to align with one of the 9 state priority sectors of tourism, food, wine and agribusiness, hi-tech energy, space industry, health and med tech, defence, international education or creative. • Northern Territory – allocation of federal funding of A$190m for public procurement projects related to infrastructure (roading), with public tenders subject to at least a 30% local content requirement. • Queensland – allocation of federal funding of A$1.3b for public procurement projects related to infrastructure (roading). These are subject to local content requirements.	**State and territory:** • South Australia – an additional A$1.0m to provide small regional businesses in South Australia with access to free *financial counselling* to assist with Covid-19, drought and bushfire recovery. • ACT – up to four hours of one-on-one fully subsidised, *tailored advice and access to online business development resources* for small businesses • *NSW Small Business Recovery Grant* – scheme to help SMEs reopen, with grants of up to A$3,000 to cover marketing and advertising, fit out changes and staff training. Applications over July and August. • *Small Business Covid-19 Adaption Grant Programme Queensland* – provides small and micro businesses with funding (A$2,000-A$10,000) to help businesses prepare for the resumption of trading post-Covid-19, continue to meet operating costs, access digital technologies to rebuild business operations, respond to online opportunities, and upskill and reskill business owners and staff to benefit from new technologies or business models. Businesses must have experienced a minimum 30% decline since 23 March 2020 over a minimum 1-month period; employ staff and have fewer than 20 employees; have an annual turnover over A$75,000 and a payroll of less than A$1.3m. • *Small Business Digital Adaptation Programme Victoria* – support to allow small and micro businesses to trial and receive access to digital products and tools to adapt websites, transition to e-commerce and manage finances. Once businesses have purchased a product, they can apply for a rebate of $1,200 to access the product for 12 months. The programme also offers free digital training and workshops. • *Business Recovery & Resilience Mentoring Victoria* – provides small businesses (with less than 20 FTEs) with mentoring sessions to help them navigate the challenges posed by Covid-19. Up to four 2 hour mentoring sessions with an experienced professional.	**State and territory:** • *ACT economic survival package*, including waivers for business licensing fees, rebates on electricity fees, rebate for commercial general rates, relief for commercial tenancies • *NSW electricity and gas network relief package* – small businesses that are temporarily closed due to Covid may be eligible for full electricity and gas tariff relief. • *Business Chambers and Trader Groups* – Support for industry groups in Victoria to help members adapt to Covid. Grants of A$10,000, A$20,000 or A$50,000 available. • *Tasmania – Small Business Energy Waiver and Support Grant Programme* – water and electricity bills waived for the first quarterly bill received after 1 April for small businesses; electricity bills capped and water bills frozen in 2020/21 financial year; and a one-off grant payment of A$1,000 to eligible businesses that did not receive the waiver for electricity, water and sewerage costs. Eligible businesses must have fewer than 20 FTEs. • *Western Australia* – one-off A$2,500 credit on electricity bills for small businesses • *Western Australia* – streamlined tender processes and documentation to reduce compliance costs for businesses involved in government procurement processes.	

Fiscal	R&D & innovation	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Payroll Tax Waiver and rebates Tasmania* – waiver of 2019/20 payroll tax for wages up to A$5m annually 12-month rebate for new youth employees (aged between 15 and 24 years). • *Payroll tax exemption and waiver Western Australia* – waiving payroll tax for 4 months from 1 March to 30 June 2020 for businesses with a payroll of less than A$7.5m. A one-off grant of A$17,500 to businesses with payrolls of between A$1m and A$4m. • *Business Growth Loans Scheme Tasmania* - A$60m of low-interest loans with businesses able to access between A$20,000 and A$3m, with loans of up to $100,000 being provided without a guarantee. In place until September 2021. • *Business Hardship Package Northern Territory* – provides businesses affected by Covid-19 with financial relief from certain charges by government, local councils and some utility providers up to 1 July 2021 (e.g., waiving or deferral of payroll tax, reducing utilities bills, incentives for landlords to reduce rents, reducing or deferring council rates). Businesses must have annual turnover of no more than A$50m and have experienced a 30% reduction in turnover due to Covid. • Queensland *waived the 2% foreign land tax surcharge* for the 2019/20 assessment year.					• *Fixe Mentor Programme South Australia* – provides start-ups and scale-ups impacted by Covid-19 with mentorship from highly experienced business-people. Businesses must be less than 10 years old and have an annual turnover of less than A$10m. • *Small Business Skills Hub QLD.* Free online courses and training to assist small businesses (less than 20 staff) in their recovery efforts, including foundation business skills, connecting with customers, digital skills and adapting to change. • *Tasmania – Small Business Advice for Recovery Programme.* Small businesses can receive a grant of A$750 toward the cost of engaging a consultant to provide advice or a service to assist the business in its recovery. • *Tasmania – Business Growth Loan Scheme* – provides concessional loan funding of between A$20,000 and A$3m to support businesses to recover, adapt, grow and develop enhanced business models. Eligible businesses should have an average turnover of less than A$10m and demonstrate the impact of Covid-19. • *Tasmania – Free digital coaching* to help businesses take the next step online through a range of tools, free one-on-one coaching, seminars, webinars and information		

Canada

Table 4: Major policy and programme responses in Canada

Fiscal	R&D & innovation	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Canada Emergency Business Account (CEBA) interest free loans* – a CAD$55b programme that provides interest-free, partially forgivable, loans of up to CAD$40,000 to small businesses that have experienced diminished revenues due to Covid-19 but that face ongoing non-deferrable costs (e.g., rent, utilities, wages). Repaying the balance of the loan on or before December 31 2022 will result in loan forgiveness of 25 percent. Two streams – payroll stream of applicants with salaries paid in 2019 calendar year of between CAD$20,000-$1.5m or non-deferable expense stream of applications with CAD$20,000 in salaries or less. • *Loan Guarantee for Small and Medium-Sized Enterprises* – offered through a partnership between Export Development Canada and approved financial institutions, this guarantees 80% of new operating credit and cash flow term loans of up to CAD$6.25m to SMEs that have been affected by Covid-19 (available to both exporting and non-exporting businesses). Support is available until June 2021. • *Co-lending Programme for Small and Medium-Sized Enterprises* – Business Development Bank Canada is working with financial institutions to co-lend term loans of between CAD$1m and CAD$12.5m for cashflow needs, with the ability to postpone principal payments for up to 12 months. Support is available until June 2021. • *Regional Relief and Recovery Fund* – Over CAD$1.5b of interest-free loans to help businesses in sectors such as manufacturing, technology, tourism and others that are key to regions and to local economies to recover from Covid-19. Delivered by local regional development agencies. Businesses must have less than 500 FTEs, have faced funding pressures with fixed operating costs as a result of Covid-19, have applied for other federal relief measures and not been able to secure funds, or have accessed relief but continue to experience hardship. Funding is interest-free, covers 100 percent of eligible costs, and provides a two-year grace period, ending March 31 2023 before repayment starts. Funding of up to CAD$40,000 is partially repayable with a maximum of CAD$10,000 that may be forgiven provided that 75 percent is repaid by 31 March 2023. Funding over CAD$40,000 and up to CAD$1m is fully repayable. • *Mid-Market Financing Programme* – provides commercial loans jointly between Business Development Bank Canada and financial institutions ranging between CAD$12.5m and CAD$60m to medium-sized businesses whose credit needs exceed what is available through other measures. Qualifying companies will have annual revenues in excess of CAD$100m. Provides flexible terms.	• *Industrial Research Assistance Programme Innovation Assistance Programme* (CAD$405m). The programme provides a wage subsidy to SMEs pursuing technology-driven innovation for up to 12 weeks. Businesses cannot be eligible for the Canada Emergency wage subsidy; they must have 500 or fewer FTEs; lack sufficient financial resources to sustain operations between 1 April to June 23 2020; and plan to pursue growth by developing and commercialising new or improved products, services or processes.	• *Canada Emergency Wage Subsidy* – originally a 10% wage subsidy for eligible organisations, it was increased to 75% where the organisation had lost 30% of its revenue. Subsidy applies to first CAD$58,700 of annual wages or salary. Ran from March until early June 2020. Eligible employers had to experience a drop in gross revenue of at least 30% in March, April or May 2020 compared to the same month in 2019 to receive the subsidy for that month. • *Youth Employment and Skills Strategy (YESS) programme* - Increased funding of up to CAD$188m million to the YESS programme to create 9,500 more work opportunities for young Canadians, particularly those facing barriers to employment. The focus is on jobs in social support services, transport, information technology, research and administration, and other placements that communities need. • Additional funding of close to CAD$62m million to the *Canada Summer Jobs programme* to help expand the current work placement target from 70,000 to 80,000, creating 10,000 more placements for young people aged 15 to 30. • Increased funding of around CAD$266m million to *the Student Work Placement (SWP) Programme* to support up to 40,000 work placements for post-secondary students in critical sectors.	• *Supporting essential air access* through waiving of rents paid on ground leases over March-December 2020 for airport authorities. • *CanExport SMEs Program* – the programme pivoted to provide assistance with expanding e-commerce platforms and offering other support for Covid-19 impacts. This includes supporting businesses to develop and expand their e-commerce presence by covering partial costs associated with online sales, platforms and digital strategy consulting, advertising and search engine optimisation; to attend virtual trade shows and other business-to-business events; and navigate new Covid-19 related trade barriers by helping pay for new international market certifications and requirements. SMEs (that employ 500 or fewer FTEs and have CAD$100,000 to $100m in annual revenue) can access up to CAD$75,000 funding to cover up to 75% of their relevant international market development activities.	• *Funding for communities* – acceleration of CAD$2.2b in federal infrastructure funding to help communities quickly move forward with infrastructure projects that will help restart local economies. Projects could include access to high speed broadband, improvements to water and road systems, and the building of cycling and walking paths. • *Rapid Housing Initiative* – CAD$1b to construct modular housing, acquire land, convert existing buildings to affordable housing to meet the needs of vulnerable Canadian. It is expected to create up to 3,0000 new affordable housing units across Canada.	• *Business Resilience Service* – four week hotline service to help entrepreneurs and small business owners in need of financial planning advice.	• *Support for young entrepreneurs* – financing of CAD$20.1m in support of Futurpreneur Canada to continue supporting young entrepreneurs who are facing challenges due to Covid-19.	• *Covid-19 Rapid Response Funding Programme* – offered through NGen (the government sponsored Advanced Manufacturing Supercluster), this provided CAD$50m of funding to launch the production of innovative manufacturing solutions that could contribute in the fight against Covid-19.

Fiscal	R&D & innovation	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Mid-Market Guarantee & Financing Programme* – provides liquidity to companies who have revenues of between CAD$50m and CAD$300m to sustain operations. Export Development Canada works with financial institutions to guarantee 75% of new operating credit and cash-flow loans from CAD$16.75m to $80m. • *Large Employer Emergency Financing Facility* – provides bridging finance to Canada's largest employers whose needs during Covid-19 are not being met through conventional financing, in order to keep their operations going. Businesses will have CAD$300m or more in annual revenues and require minimum loans of CAD$60m. Companies seeking support must demonstrate how they intend to preserve employment and maintain investment. • *Canada Emergency Commercial Rent Assistance for small businesses* – lowers rent by 75% for small businesses that have been affected by Covid-19. Provided forgivable loans to qualifying commercial property owners to cover 50% of 3-monthly rent payments that were payable by eligible small business tenants who experienced hardship over April-June 2020. The loans were forgiven if the property owner agrees to reduce the tenants' rent by at least 75% over the three months. Business tenants must be paying less than CAD$50,000 per month in rent and have temporarily ceased operations or experienced at least a 70% drop in pre-Covid revenues. • *BDC Capital Bridge Financing Programme* – BDC will match a current financing round being raised through qualified existing and/or new investors into eligible start-ups. Companies must be backed by a qualified venture capital firm, have raised at least CAD$500,000 in external capital before applying, and be specifically impacted by Covid-19. • *Tax deferrals* - Income tax payment deferral on amounts owing on or after March 18 until after August 2020; Deferral of GST, Harmonised Sales Tax Remittances and customs duty payments on imports owed over February-April until 30 June 2020.							
Provinces: • *Alberta* – small business loans, mortgages and lines of credit through ATB. Small businesses can apply for payment deferrals for up to 6 months and access additional working capital. • *Alberta* – Corporate income tax deferral. The payment of corporate income tax between 18 March and August 31 2020 were deferred until 31 August. • The *Manitoba* Gap Protection Plan provides small and medium-sized businesses a non-interest bearing forgivable loan of CAD$6,000 to businesses that do not qualify under federal programs	• *Quebec – investment fund for circular economy businesses*. A CAD$30m investment fund to finance SMEs with innovative business models or those that wish to transform their business by integrating circular economy principles. Initially targeting agri-food, waste management and sustainable mobility.	• *Quebec – Programme for Maintaining Employment* – provides 100% reimbursement for eligible expenses incurred for worker skills development activities so that they can use the pause in activities due to Covid to upgrade the skills of their workforce and be ready for recovery. Provides up to CAD$100,000 and 50% of expenses between CAD$100,000 and $500,000, for example, for professional trainer fees, equipment purchases, HR management activities.	• *Quebec – programme for maintaining essential regional air services* – support for carriers to provide air services in the regions of Quebec during Covid-19. Must be a Quebec owned carrier. Will cover operating, administration and aircraft cleaning costs.	• *Alberta – additional funding for municipal stimulus programme.* An additional CAD $500m of funding to municipalities to build shovel-ready infrastructure projects starting in 2020.	• *British Columbia – Digital Marketing Bootcamp* to support people and businesses to move online during Covid-19. A six week course from August 2020 to provide participants with a foundation in digital marketing, including search engine optimisation, paid advertising, analytics etc. • *Eastern Ontario Development Fund Business Stream.* Provides up to 15% of eligible costs to help businesses grow or transition to new markets or lines of business.	• *British Columbia* – small businesses that were forced to close had their power bills forgiven for 3 months. Major industries, such as pulp and paper, have the opportunity to defer 50% of their bill payments for 3 months to the end of August 2020.	• *British Columbia Supply Hub and Manufacturing Supercluster.* The Province partnered with the Digital Technology Supercluster and the Business Council of British Columbia to create the Covid-19 Supply Hub – an online platform to coordinate, source and expedite medical supplies and PPE. Companies can get up to CAD$5m to cover up to 100% of eligible costs when they collaborate with other businesses on a project that has an immediate impact on curbing the effects of Covid-19.

Fiscal	R&D & innovation	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Quebec – concerted temporary action programme for businesses*. Financial assistance in the form of a loan guarantee or loan targeted at businesses operating in Quebec whose cash flow is affected by the impact of Covid-19. Businesses must show their cash flow issues are temporary are largely due to supply or delivery issues. • *Quebec – emergency assistance for SMEs.* Designed to support, for a limited period of time, eligible businesses in financial difficulty due to Covid-19 that require less than CAD$50,000 (loan or loan guarantee provided). • *Quebec* – deferral of administrative tax measures that would fall between 17 March-31 May 2020 to 1 June 2020. • *British Columbia* – tax filing and payment deadlines for sales tax, district tax, motor fuel tax etc were deferred from March to September 30 2020. • *Ontario* – penalties and interest will not apply to businesses that miss filing or remittance deadlines for a range of provincial taxes for 5 months. • *Ontario – regional opportunities investment tax credit.* A 10% refundable credit for capital investments in regions where employment growth has been significantly below average, available to businesses that construct or acquire buildings after March 2020. • *New Brunswick* – provision of working capital of more than CAD$200,000 to help medium to large-sized businesses manage the effects of Covid-19 on their operations. Small business owners are eligible for loans up to CAD$200,000 and are not required to pay principal on the loan for up to 12 months.	• *Ontario – Northern Business Opportunity Programme – Small Business Start-up Projects*. Funding support for businesses that intend to start-up operations in priority sectors (including advanced manufacturing). Applicants much provide a minimum equity contribution of 15% of eligible costs. Conditional grant provided which will not exceed 50% of eligible costs up to a maximum of CAD $200,000 (costs related to leasehold improvements, equipment, training costs, ICT investments).	• *Ontario – Job Grant Programme.* Provides direct financial support to businesses who want to purchase training for their employees. Businesses can get up to CAD$10,000 per person for training costs. Training must be delivered by an eligible third party trainer. Businesses with more than 100 employees need to contribute half of the training costs; businesses with less than 100 employees need to contribute 1/6 of the training costs. Also allows groups of businesses to pool their resources to support common training objectives.	• *Ontario – Northern Business Opportunity Programme – new investment projects.* Funding support (conditional grant or term loan) for businesses that do not have a presence in Ontario that will expand operations in the Northern Ontario. Preference given to projects that will create jobs, become an anchor for new investment, and align with regional priority sectors (including advanced manufacturing).		Businesses must have a minimum of 3-years operating experience and employ at least 10 FTEs. • *Southwestern Ontario Development Fund* – provides up to 15% of eligible project costs through either loans or grants for projects aimed at growing jobs. Businesses must employ at least 10 FTEs, have been in operation at least 3 years, commit to creating at least 5 new jobs (or a 30% increase for businesses with fewer than 15 jobs) and invest at least CAD$500,000 in the project. Maximum of CAD$500,000 available if the business has less than 100 employees and is based in rural Ontario; maximum CAD $1.5m for strategic projects that are FDI. • *Ontario – Northern Business Opportunity Programme – Business Expansion Projects.* Funding support for businesses that intend to expand and/or retain their operations within Northern Ontario. Assistance will generally not exceed 50% of eligible project costs up to a maximum of CAD$1m per project. Eligible projects include capital construction, equipment investment, training costs, ICT investments.		• *British Columbia – creating jobs with clean tech.* Funding of CAD $280m from existing funding pools to fund innovative emissions reduction projects to help facilities lower emissions and cut costs (e.g., carbon capture, utilisation & storage, industrial energy efficiency projects), • *Ontario – support for Ontario Made programme.* Designed to assist manufacturers by creating a new Ontario Made logo to identify local products; launching SupportOntarioMade.ca to create a directory connecting Ontario manufacturers with supply chain partners and consumers; and creating a digital newsletter to raise awareness of Ontario products.

China

Table 5: Major policy and programme responses in China

Fiscal	R&D & innovation	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Deferment of principal and interest repayments* for loans to SMEs and micro-enterprises from January 25 to June 30 2020, with overdue loan repayments in the period not subject to penalties. • *Lower VAT rates* – from 1 March initially to 31 May and then extended to 31 December, small taxpayers in Hubei province are exempted from VAT if their tax rate is set at 3%. Small tax-payers in other regions pay a lower tax rate of 1 percent on taxable sales if their VAT rate is set at 3%. • Small business owners were able to *reduce and postpone social security contributions* (e.g., endowment insurance, unemployment insurance, work injury insurance) that were intended to benefit corporate employees. This was initially in place to June 2020 and then extended to the end of 2020. • Local governments were encouraged to *cut or waive land use tax* as an incentive for property owners to cut rents for business tenants. Central enterprises cut rents for small, medium and micro firms – those facing difficulties were exempted from paying rent for at least three months in the first half of 2020. • *Postponement of payment of income tax* on small and micro businesses (loans of RMB 10m or less) to next year • *Guaranteed start-up loans* up to RMB 200,000 for small and micro firms if 15 percent of their employees are newly hired; and for larger companies (more than 100 staff) if 8 percent of their employees are newly hired.		• *Free and subsidised online vocational training.*	• *A range of measures to reduce costs for the logistics industry*, including reducing toll changes for road, rail and air transportation, regulation of marine shipping and port charges, and facilitation of customs clearance and import/export licenses. • From 1 March to 30 June, cargo dues and port facility fees were reduced by 20 percent. • Urban land tax on land for bulk commodity storage facilities reduced by 50 percent from 1 January 2020 to 31 December 2022. • Financial incentives to freight and transportation firms. • *Simplification of trade procedures* (e.g., more effective sanitary inspection and quarantine approval and fewer out of box audits) to reduce import and export costs • *Active assistance to foreign investment projects and foreign investment enterprises in resuming production.* For example, to help foreign firms re-open, local governments were directed to help them resolve labour shortages and other employment issues. Local governments were also encouraged to communicate closely with foreign investors, accelerate approvals for import and export licensing, and help them to adapt to cross-border e-commerce and utilisation of free trade zones.		• Support for the development of new technologies and business models and adoption of digital technology • Consultation on business solutions and training on management technology for SMEs • Adoption of advanced digital production technology and innovation within supply chains led by large SOEs and top private firms, for diffusion to SMEs	• 5% reduction in electricity charges for industrial and commercial companies that are not from high energy consuming industries. • Reduction in average telecommunications rates by 15%.	
• *Beijing – allowing deferred tax payment* for SMEs in difficulty. SMEs that had difficulty in tax filing and payment due to the coronavirus outbreak could apply for deferred tax payment for up to three months. • *Beijing – reducing rent for SMEs*. For SMEs that lease the state-owned assets in Beijing, if they resumed or stopped their production and operation activities and they did not lay off employees or had only a few layoffs, the enterprise could be exempted from rent for February 2020; if the rental is for office use, then February's rent can be reduced by 50 percent. • *Beijing - increasing financial support for SMEs*. This included increasing inclusive loans for small and micro enterprises; extending the repayment period of loans for SMEs in difficulties; reducing the financing costs for SMEs by introducing Loan Prime Rate pricing benchmarks and expanding direct financing channels for SMEs	• *Beijing – subsidising R&D costs for SMEs*. For science and technology small and micro enterprises in Zhongguancun Science Park, a subsidy of up to RMB 200,000 in R&D costs were available.	• *Shanghai* – all businesses that organise employees' participation in online vocational training during suspension of business operations enjoy a 95 percent *subsidy for training costs.*			• *Beijing* – Providing SMEs with 50% *subsidies for employee training and purchasing teleworking services or products* (e.g., VC, online testing, online sales) up to RMB 200,000. • *Beijing – capability advice*. Free legal assistance, labour relations advice, business model adjustment advice, investment & financing advice, risk control advice etc.		

Fiscal	R&D & innovation	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Beijing - offering social insurance subsidies*. If the average number of employees in a Beijing enterprise increased by up to 20 percent at the end of April 2020 from the previous year, the enterprise could get a one-time subsidy of 30 percent of three months' social insurance premiums. If the average number of employees had increased by 20 percent or more compared with the previous year, the subsidy was 50 percent. • *Shanghai – refunding 50 percent of unemployment insurance premiums paid* in the previous year to qualified employers with few job cuts. • *Shanghai – delaying the payment period of social insurance* for three months. • *Shanghai – exempting SMEs* that lease state-owned assets that are badly affected by Covid *from paying rental* in February and March 2020; encouraging commercial property owners to waive or reduce rentals for tenants, allowing commercial property owners to apply for a reduction in property or land use tax. • *Shanghai - lowering lending rates.* For SMEs heavily impacted by Covid, local banks were required to offer loans with interest rates at least 25 basis points lower than the LPR benchmark • *Shanghai* - local banks were encouraged to adjust repayment arrangements, extend maturity periods for loans, or renew loans without repayment for enterprises that were heavily hit by the epidemic • ICBC offered RMB 10b of *credit loans to Hubei* businesses at preferential rates, especially those in the advanced manufacturing industry. • *Guandong – deferring the payment of social insurance* for three months for enterprises affected that could not pay the pension insurance, medical insurance (including maternity insurance), unemployment insurance, injury insurance, and housing provident fund on time. • *Guandong – refunding 50% of unemployment insurance* premiums paid by businesses in the previous year that do not reduce the number of employees • *Guandong - exempting businesses* seriously affected by the epidemic and that lease state-owned assets *from paying the first month's rent*, and halving the rent for the second and third months. • *Guangdong – exempting eligible businesses from paying property tax and urban land use tax.* • *Shandong - individual, micro and small businesses exempted from paying taxes and fees* until the end of the year.							

Germany

Table 6: Major policy and programme responses in Germany

Fiscal	R&D, innovation & investment	Skills & talent	Transport & trade	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Umbrella scheme to support the uncovered fixed costs of businesses* affected by Covid-19, with an estimated budget of EUR 30b. Allows the federal and regional authorities to establish schemes for businesses that suffered from a turnover decline between March 2020 and June 2021 of at least 30% compared to the same period of 2019. Aid will pay 70% (90% in the case of micro and small companies) of their fixed costs not covered by revenues, up to a maximum of EUR 3m. Support can take the form of, amongst other things: • Direct grants, equity injections, tax advantages and advance payments of up to EUR 800,000 to companies, depending on sector. • State guarantees for loans up to 90% of the risk to help businesses cover immediate working capital and investment needs. • Subsidised public loans with favourable interest rates. • Deferral of tax payments and/or suspensions of social security contributions for sectors, regions and companies hit hardest by the outbreak. • Support for uncovered fixed costs for businesses facing a decline in turnover of at least 30% compared to the same period of 2019. • *KfW-ERP Start-Up Loan-Universal* – provides low interest financing of start-ups, succession arrangements or company consolidations. Founders and medium-size companies that have been in existence for less than 5 years are supported. Eligible activities include investments, resources, warehousing, acquisition of assets. A maximum of EUR 1b per group of companies, limited to a maximum of 25% of annual turnover in 2019, 2x the wage costs in 2019, or applicant's current liquidity requirements for the next 18 months for SMEs or 12 months for large enterprises. For loans greater than EUR $25m, the loan amount is limited to a maximum of 50% of the company's total debt. • *KfW Entrepreneur Loan* – enables medium-sized and large businesses and sole proprietors that have been in existence at least 5 years to obtain low-interest financing for projects. Eligible activities include investments, resources, warehousing, acquisition of assets. A maximum of EUR 1b per group of companies, limited to a maximum of 25% of annual turnover in 2019, 2x the wage costs in 2019, or applicant's current liquidity requirements for the next 18 months for SMEs or 12 months for large enterprises. For loans greater than EUR $25m, the loan amount is limited to a maximum of 50% of the company's total debt. • *Direct Investment for Syndicated Financing* – investment and working capital loans for medium-sized and large businesses. Aimed at businesses that have experienced temporary financing difficulties as a result of Covid-19 from 1 January 2020. Financing is provided within a consortium. Debt rescheduling or subsequent financing of already completed projects is excluded. KfW participates in debt financing, with the KfW risk share is usually at least EUR $25m and not twice the annual payroll in 2019, 25% of the total revenue for the 2019 year, or exceeds the liquidity requirements for the next 12 months. KfW's assumption of risk can be up to 80% of the project financing. • *KfW Quick Loan* – subsidised loan for purchases and running costs for companies with more than 10 employees, which have been operating at least since 1 January 2019 and where a profit and dividend distribution will not be possible during the credit period. Maximum loan amount of up to 3 months turnover in 2019; businesses with up to 50 employees receive a maximum of EUR 500,000; companies with more than 50 employees receive a maximum of EUR 800,000. Interest rate of 3%, 10 year loan, 2 years without repayment. • *Emergency aid and loans for small companies and self-employed* – businesses with up to 5 employees can get a single payment of up to EUR 9,000 for 3 months; those with up to 10 employees can get a single payment of up to EUR 15,000 for 3 months. Unemployment security – easier access to unemployment security for self-employed persons for 6 months. Funding provided is non-repayable cash grant (emergency aid) or credit with up to 90% risk assumption. Applicants must be in economic difficulties as a result of Covid.	• *Fostering the widespread use of artificial intelligence* in companies: a free online course entitled "Elements of AI" • Call for innovative solutions to challenges related to the coronavirus in the digital space through Hackathon #WirvsVirus.	*Short-time allowance* – wage subsidy available to businesses if at least 10% of employees are affected by loss of working hours, covering 60% of the missed remuneration for the first three months. If the reduction amounts to at least 50% of normal working hours, then from the fourth month 70% of the loss of earnings will be paid; from the 8th month, 80% will be paid.	• Companies could apply for a *deferment of excise duty* payments until 31 December 2020 if they were particularly affected by Covid-19. Similarly, companies could apply for a deferral of customs duties payments if it would cause considerable hardship. • Extended possibilities for export credit guarantees		• *Financial support to SMEs creating home-office working models.* • *Special programme for the promotion of entrepreneurial know-how* – consulting for Covid affected SMEs to restore performance and competitiveness. Eligible consultancy costs include consultant fees, expenses and travel costs. Subsidy is 100% of the invoiced consultancy costs up to a maximum of EUR 4,000 per project.		

Fiscal	R&D, innovation & investment	Skills & talent	Transport & trade	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Corporate income tax deferrals* – Taxpayers that were directly and seriously affected by Covid-19 could apply for a deferral of tax until 31 December 2020. • *Interest-free deferral of VAT payments* – businesses couple apply for a deferral of VAT until 31 December 2020, if paying it would constitute a considerable hardship.							
Provinces: • *Baden-Wurttemberg – liquidity loan.* Grant of working capital, liquidity and bridging finance of EUR 10,000 to 5m to companies with a maximum of 500 employees; duration of between 4 and 10 years and can be combined with a guarantee. • *Baden-Wurttemberg – emergency aid:* eligible applicants with up to 50 employees receive a one-off payment of EUR 30,000. • *Bavaria – extended emergency finance* based on size: up to 5 employees EUR 5,000; up to 10 employees EUR 7,500; up to 50 employees EUR 15,000; up to 250 employees EUR 30,000. • *Saxony-Anhalt – loan to secure liquidity* up to the full amount of the financing requirement (min EUR 10,000 to max EUR 150,000, 2 years interest and redemption free. • *Saxony-Anhalt – non-repayable grants* depending on size: up to 5 employees EUR 9,000; up to 10 employees, EUR 15,000; up to 25 employees, EUR 20,000; up to 50 employees, EUR 25,000.							

Japan

Table 7: Major policy and programme responses in Japan

Fiscal	R&D, innovation & investment	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Subsidy programme for sustaining businesses* – payment to SMEs and sole proprietors with turnover decreasing more than 50 percent – approx. $2.3 trillion yen. Up to 2m yen to corporations and 1m yen to sole proprietors whose revenue fall by more than 50% in any month of 2020 compared to previous years • *Emergency financial guarantee scheme for SMEs* for up to 280m yen. • *Novel Coronavirus special loan programme* - Effective zero interest loan without collateral (with principal amortisation deferred for up to five years). Includes special loans from the Japan Finance Corporation – max 680m yen loan, with max interest-free 240m yen, initially for 3 years; crisis response loans for Central Bank for Commercial and Industrial Cooperative – max 600m yen loan, max interest-free 200m yen, initially for 3 years; interest-free financing from private financial institutions – interest free maximum 40m yen, initially for 3 years. • *Large scale deferment of tax and social security contribution* for businesses with revenue falling by more than 20 percent • *Reduction or exemption of local property tax* for SMEs' on machinery and building to zero or ½ depending on amount of decrease in business income • *Grants for rent payment* – maximum 6m yen for SMEs and 3m yen for sole proprietors	• *Support for capital investment* to improve new products/services/ production processes, up to 10m yen • *Green Growth Strategy towards 2050 Carbon Neutrality* launched. Funding for investment in green technologies – 2 trillion yen fund for R&D and a 5 or 10 percent tax break on capital expenditure for producing goods that lead to decarbonisation	• Japan *expanded the coverage and eased the requirements for access to the Employment Adjustment Subsidy*. Previously access to the Subsidy required a 10% reduction in production for more than three months. This was reduced to 5% over one month. Japan initially increased the subsidy rates for hours not worked to a maximum of 100% for SMEs and to 75% for larger firms (this was subsequently increased to 80%). The programme was also extended to cover non-regular workers who are not covered by employment insurance (the scheme used to only pay those who were covered).	• *Subsidy programme for small businesses to expand distribution channels*, up to 500,000 yen. • *Subsidy of up to $240b yen to encourage businesses to re-shore their production* and diversity production bases in ASEAN. Priority access to subsidies for capital investment, sales channel development and the introduction of ICT tools.		• *Consultation desks* for SMEs affected or likely to be affected by Covid-19 • *Subsidy programme for small businesses to overcome impact of Covid-19*, such as exploring sales channels, up to 1m yen. • *Subsidy programme for introducing IT* to improve business efficiency of 300,000 to 4.5m yen. • *Subsidy to build capability* that covers up to 75% of costs incurred by SMEs to repair damaged supply chains, shift to non-face-to-face business models and invest in telework • *Funding support for digital transformation* (1 trillion yen fund)	• Grace period for payment of utility bills	• *Subsidies for monodzukuri (manufacturing)* – aims to provide SMEs and small enterprises with subsidies for business related equipment investment. $1m yen to $10m yen per businesses (1/2 for SMEs, 2/3s for small enterprises)

Singapore

Table 8: Major policy and programme responses in Singapore

Fiscal	R&D, innovation & investment	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Special Situation Fund for Start-ups* – S$285m of financing support for promising early-stage to late-stage start-ups with strategic capabilities that can contribute to Singapore's national priorities. Will invest in selected start-ups with private sector co-investors on a 1:1 basis. Scheme ends when funds are fully committed or by 31 October 2021. • *Start-up SG Equity. Programme* will catalyse private sector investment into local high tech start-ups. It co-invests with qualified third party investors and selected venture capital firms. Investment cap was increased from S$4m to S$8m. • *Temporary Bridging Loan Programme* – financing support to alleviate cashflow needs of businesses affected by Covid-19. Support made available to all sectors from 1 April 2020. Maximum loan of S$5m, with interest capped at 5% per annum. Risk share from government was increased from 80% to 90%. SMEs may request deferment of principal repayment for one-year. Initially valid from 7 April 2020 to 31 March 2021, and then was extended to 30 September 2021 with a variation in support over the extended period (70% risk share, max loan of S$3m). • *Enterprising Financing Scheme – SME Working Capital Loan*. Expansion of financing support for SMEs to bridge their working capital gaps. Maximum loan amount was raised from S$600,000 to S$1m and risk share from government increased to 90% (previously at 50-70%). Valid from 8 April 2020 to 31 March 2021. • *Enterprising Financing Scheme – Trade Loan* – maximum loan amount increased from S$5m to S$10m, risk share increased to 90% (from 50-70%). Valid until 30 September 2021, although extension beyond 31 March 2021 has same variation in terms as noted for the bridging loan programme. • *Loan Insurance Scheme* – increased support for businesses for short-term financing loans from participating financial institutions. Loans are insured by commercial insurers and a proportion of the premium is supported by government. As a result of Covid, the support for the premium was raised from 50% to 80%. Valid from April 2020 to 31 March 2021.	• *Start-up SG Founder* – expanded support for innovative start-ups. Introduction of a 3-month Venture-Building programme to support entrepreneurs' journeys in developing start-ups. Grant support raised from $30,000 to $50,000 (and from 1:3 to 1:5 matching of the amount the entrepreneur needs to inject into the start-up).	• *Job Support Scheme* – government co-funds 25% to 75% of the first S$4,600 of monthly wages paid to each employee in a 10-month period (up to August 2020) and 10%-50% of the same amount in the following 7-month period (September 2020 to March 2021). • *Jobs Growth Incentive* –aims to support the creation of new jobs for local workers, with an emphasis on mature workers. The government will co-pay up to 25% of the gross monthly wages of all new local hires for up to 12 months, up to a monthly cap of S$5,000. For those aged 40 plus, the co-payment to businesses is up to 50%. • *Global Ready Talent Programme* – additional funding allocated to support a greater number of overseas internship placements in ASEAN, China and India. For overseas internships, the monthly allowance was increased from S$600 to S$800 and additional funding support of up to S$800 was available to students on internships to cover pre-trip administrative travel expenses. • *SGUnited Jobs and Skills package* – aims to create up to 40,000 jobs in the public and private sectors, 21,000 traineeships for first-time jobseekers and 4,000 traineeships for mid-career job seekers, as well as increasing the capacity of training courses for up to 30,000 jobseekers in 2020 (an allowance of up to S$1,200 per month for the courses. A hiring incentive was offered for employers to hire those who have completed eligible training (40% of monthly salary for 6 months, capped at S$12,000 for those aged 40 and above; 20% of monthly salary for 6 months, capped at S$6,000 for those aged under 40).	• *Enhancement of Double Tax Deduction for Internationalisation Scheme*. Business can claim automatic double (200%) tax deduction on qualifying expenses on market expansion and investment development activities, with an expenditure cap of S$150,000. Eligible expenses include market preparation, exploration, promotion and presence. In response to Covid, the scheme was enhanced to expand the list of qualifying expenses to include third-party consultancy costs related to overseas business development and expenses incurred for overseas business missions. • *GlobalConnect@SBF* – scaling up of Singapore Business Federation's capabilities and resources in Singapore and overseas to facilitate market access for businesses through market advice and in-market business connections. • *Grow Digital* – expanded support for businesses to leverage B2B and B2C digital platforms and channels to access a larger pool of customers overseas and to test new markets. Businesses also receive training and support to enhance their e-commerce capabilities. To provide further support for SMEs as a result of Covid, businesses that sign up between 1 April and 30 September 2020 receive up to 90% in grant support (increasing from the previous 70%). • *Market Readiness Assistance Grant* – increase in support for the scheme which provides for in-depth FTA consultancy and overseas business development support. The cap on 2 applications per company per year was removed, the grant cap was raised from S$20,000 per year to S$100,000 per new country over three years, and the maximum support level was raised from 70% to 80% from 1 November 2020 to 30 September 2021. The programme was also extended to include participation in virtual trade fairs.	• *Enterprise Financing Scheme* – Project Loan. Scheme enhanced to support domestic construction projects (was for overseas projects). 50% risk-share from government for projects from 1 January 2021 to 31 March 2022. Loans can be for working capital, factory/building/land, machinery & equipment, guarantees. Up to S$30m for domestic projects.	• *Digital Resilience Bonus* – support for businesses to improve competitiveness and productivity through digitalisation. Targeting businesses that have been most impacted by Covid. Eligible businesses receive up to S$10,000 if they adopt baseline digital solutions such as online payments, e-invoicing, create online channels, implement data solutions etc. • *Enterprise Leadership for Transformation* – one-year programme that supports business leaders of promising SMEs to acquire growth and transformation capabilities through executive training and to develop and implement a business growth plan. Eligible enterprises (those that are owned locally and have grown beyond S$5m and want to grow) can qualify for up to 90% of programme fees (which are approximately S$30,000). • *SkillsFuture Enterprise Credit* – a one-off S$10,000 credit to help eligible employers cover up to 90% of expenses for enterprise or workforce transformation schemes. Employers who have contributed at least S$750 in the skills development levy in the previous 12 months and have at least 3 local employees will qualify. Valid from 1 April 2020-30 June 2023. • *Productivity Solutions Grant* – expanded scope of support for more sector-specific solutions beyond IT and equipment. Maximum support raised from 70% to 80% of co-funding to help enterprises implement Covid-19 business continuity measures, including online collaboration tools, virtual meeting tools etc.	• *SG Together Enhancing Enterprise Resilience Programme* – supports funding programmes set up by trade associations and chambers or industry groups, with the aim of supporting other businesses to deal with the challenges arising from Covid-19 and to prepare for economic recovery. Matches S$1 for every S$2 raised by such industry led initiatives. Valid from 3 March 2020 to 2 March 2021.	• *Expansion of the Partnerships for Capability Transformation scheme.* The scheme encourages large companies to work with small companies to build capabilities and develop and expand markets. Support is provided for a proportion of qualifying costs. In response to Covid, the support rate for original equipment manufacturers increased from 50 percent to 70 percent for manpower categories and from 30 percent to 50 percent for materials, consumables, software and services. The aim was to grow Singapore's OEM sector. • *Launch of the Manufacturing 2030 vision and strategy.* Aims to grow the value of manufacturing by 50 percent over the decade through a combination of investment attraction, capability development and growing the talent pool.

Fiscal	R&D, innovation & investment	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Corporate Income Tax Rebate* – increased to 25% for the 2020 year, capped at $15,000 per company (was 20% in 2019, capped at $10,000). • *Corporate Income Tax deferment* – all companies with income tax payments due in April-June 2020 were granted a 3 month deferment. • *Property tax rebate* – non-residential properties were granted property tax rebate for 1 January 2020 to 31 December 2020 – 100% for those significant impacted by Covid (i.e., tourism and retail) and 30% for others (offices and industrial properties). • *Rental Relief for SMEs* – additional rental relief for SMEs through a cash grant to property owners to offset an additional two months of rental for qualifying SME tenants of commercial properties and one month for qualifying tenants of industrial and office properties. • *Enhanced rental waivers* - rental waivers for 2 months to business operators who are renting from government linked landlord agencies.		• *Career Trial* – allows employees to determine a jobseeker's fit via a short-term trial of up to 6 months. Monthly salary support of up to 30% per Singaporean hire.			• *Enterprise Development Grant* – maximum support level raised from 70% to 80% from 1 April 2020 to 30 September 2021. Provides support for development of core capabilities, innovation & productivity, and market access. • *SME Centre Enhancement – Partners for Business Growth. Pilot* – an initiative for enterprises that have an ability to accelerate growth and want to transform their business in areas such as digitalisation, talent development and internationalisation. SME Centres will partner with the enterprises to jointly develop business plans and support implementation. • *Executive in Residence programme* – support for trade associations and chambers to engage experienced professionals who have the expertise to assist businesses in transformation, capability building and internationalisation.		

South Korea

Table 9: Major policy and programme responses in South Korea

Fiscal	R&D, innovation & investment	Skills & talent	Transport, trade & investment	Infrastructure	Business capability and continuity	Other	Manufacturing specific

• *First financial stimulus package* (early Feb) 4 trillion won. Included emergency relief fund for affected SMEs via loans, guarantees and import/export financing; expanding lending support for micro business owners through loans and guarantees; underwriting greater level of accounts receivable insurance and lowering insurance premiums; enlarging financial support for SMEs and micro businesses.
• *Second financial stimulus package* (end Feb) over 20 trillion won. Included financial and tax support for businesses affected, included 50 percent income tax cuts given to landlords for rent reduction; a VAT break for businesses earning 60m won or less a year; and loans, guarantees and investment through financial institutions.
• *Supplementary budget* (mid-March) 11.7 trillion won. Included 4.1 trillion won on small business loans.
• *Third financial stimulus package* (mid-March) over 50 trillion won. Included 12 trillion won on emergency funding for business operations and low interest rate loans (1.5% lower than ordinary rates); 5.5 trillion won on special guarantees on SMEs and small business loans; a 100 percent loan guarantee worth 3 trillion won for small merchants; deferred loan repayment for SMEs and small businesses (at least six months); suspension of loan interest payments for SMEs and small businesses for six months from 1 April; and debt relief programmes.
• *Fourth financial stimulus package* (end March). Included additional financial support of 29.2 trillion won in addition to the support already announced for emergency loans and guarantees etc.
• *Industry Stabilisation Fund* (late April) 40 trillion won of support for 7 industries – airlines, shipping, shipbuilding, automotive, general machinery, electric power and communications. Support will be provided in a variety of ways through loans, payment guarantees and investment according to industry and business needs.
• *Third supplementary budget* (early July) – included 23.7 trillion won on financial support for companies and spending on digital and green industries, amongst other things.
• *Deferral of employment insurance and industrial accident compensation insurance* for 3 months (March-May) for businesses with less than 30 workers.
• 70,000 won subsidy per person per month for SMEs.
• *Tax relief* – extending the deadline for filing and paying tax and a grace period for collecting taxes and any arears. SMEs in areas highly impacted by Covid benefited from an up to 60 percent income and corporate tax reduction for the taxable period up to 30 June 2020.
	• *The Digital New Deal* aims to build a digital economy and promote growth in promising digital industries. It establishes digital infrastructure in areas such as data, network and artificial intelligence (DNA). In addition, major infrastructure including for transportation, water resources, urban planning, and logistics will be digitalised. Specific support provided for integration of 5G and AI into industries; advancing cyber security; the online activities of microbusinesses and promoting remote working among SMEs. It includes development of 100 promising businesses for AI security.
	• *Green New Deal* – support to move the economy towards a net carbon zero society through policies such as the 2030 target for greenhouse gas emissions reduction, and the plan to have renewables account for 20% of the country's generation capacity by 2030. This includes a green transitioning of infrastructure to strengthen the safety net against climate and environmental risks. The use of low-carbon and decentralised energy will be promoted, while those regions and groups that lag behind the transition will be protected. Includes the provision of 1.13m EVs and 200,000 hydrogen vehicles.
		• As part of measures to improve the *Social Safety Net*, investment will be made in human resources to build talent and provide employment support for new types of jobs, and to reduce the digital gap. For example, the plan includes: training 100,000 people on AI and software; support for job-training and internship opportunities; subsidies for businesses to employ young employees in IT-related fields; training 40,000 people in 2021 and 50,000 a year from 2022 on digital integration.	• *Expediting customs procedures* for materials and helping to identify alternative procurement options; streamlining importing screenings.
			• Investigation into a ban on the import of waste plastic to promote domestic waste recycling.
			• Package of support of 36 trillion won to *ease financing constraints for exporters*, including increasing the amount and maturity of trade credit and reducing export insurance fees.
			• *The Material, Parts & Equipment 2.0 Strategy* also includes tax cuts, funding, onsite support and advisory services to target reshoring of 100 Korean firms by 2022. Companies seeking to re-shore can have their corporate taxes waived for the first four years and receive an additional 50% cut the following two years. Provision of up to 20b won to cover relocation and facility costs for firms relocating to regions outside the capital and up to 15b won to firms relocating to Seoul.
				• The Government is bringing forward the timing of investment in construction of local roads, railway, ports and river maintenance. It will increase the amount of prepayments.	• The *Digital New Deal* includes:
					  • Support for 1,000 start-ups providing digital services and the provision of vouchers for AI solutions to 3,400 SMEs and smart service solutions to 1,350 SMEs.
					  • Provision of customised consulting on security and installation support on security programmes to 6,650 SMEs
					  • Vouchers to support remote working solutions to 160,000 businesses
					  • Room on online exhibitions and e-commerce markets offered to 320,000 microbusinesses.
						• The government has *streamlined public procurement projects*, for example, increasing the ceiling for small private contracts that can be approved without tender procedures; reducing the period of inspection and registration; and reducing bidding deposits.	• As part of the *Green New Deal*, the government plans to build 100 smart plants and 1,750 clean factories that minimise pollution by reusing industrial heat and waste and using renewable energy. A green integrated cluster is being set up to support technological development, testing, manufacturing and marketing on the areas of clean air, biomaterials, hydrothermal energy, future waste resources and recycling. Support will also be provided to develop remanufacturing technology (e.g., the disassembling and reassembling of old electric materials and machineries, engines and exhausts of special vehicles, etc.) and technology on collecting and utilising rare materials.
							• *Materials, Parts and Equipment 2.0 Strategy* – 5 trillion won of investment by 2022 to develop new technologies in the materials, parts and equipment sectors to reduce dependence on imports from Japan. Includes support for 100 leading materials, parts and equipment companies with 5b won of R&D funding a year as well as 400b won in growth funding.

United Kingdom

Table 10: Major policy and programme responses in the United Kingdom

Fiscal	R&D, innovation & investment	Skills & talent	Transport & trade	Infrastructure	Business capability and continuity	Other	Manufacturing specific
United Kingdom: • *Coronavirus Business Interruption Loan Scheme*: Support for long-term viable businesses with turnover up to £45 million facing cash-flow pressures – SMEs can access loans up to £5. Provides lenders with an 80% guarantee on individual loans, with the first 12 months of finance interest free. Maximum length of the facility is up to 3 years for overdrafts and invoice finance and up to 10 years for loans and asset finance. The scheme is open until 31 January 2021. • *Coronavirus Large Business Interruption Loan Scheme*: Firms with a turnover of more than £45 million can apply for up to £200 million of finance. The government provides lenders with an 80% guarantee on individual loans for businesses that would be otherwise unable to access the finance they need. Businesses with a turnover between £45m-250m can apply for up to £25m of finance; businesses with annual turnover over £250m could initially apply for up to £50m of finance (subsequently increased to £200m). The scheme is open until 31 January 2021. • *Bounce Back Loans Scheme* (BBLS): loans to businesses from £2,000 up to £50,000, capped at 25% of firms' turnover. The Government provides lenders with a 100% guarantee on each loan, to give lenders the confidence they need to support small businesses The government also covers the first 12 months of interest payments and fees charged to the business by the lender. The interest rate after the first 12-month period which is covered by the government is fixed at 2.5%. No early repayment fees will be charged to a borrower. Additionally, no repayments will be due during the first 12 months of the loan term. Repayment terms up to 10 years and option to move to interest-only payments three times for a period of 6 months or pause repayments entirely for 6 months. • *Coronavirus Future Fund*. provides government loans to UK-based companies ranging from £125,000 to £5 million, subject to at least equal match funding from private investors. Targeted at firms that rely on equity funding and are unsuitable for loan support. It has been designed to ensure high-growth companies across the UK receive the investment they need to continue during the crisis. The application process is	• £750 million grants and loans for SMEs that focus on research and development through *Innovate UK*. Innovate UK, the national innovation agency will accelerate up to £200 million of grant and loan payments for its 2,500 existing customers on an opt-in basis. An extra £550 million will also be made available to increase support for existing customers and £175,000 of support will be offered to around 1,200 firms not currently in receipt of Innovate UK funding. • The £200 million of grant and loan payments for existing Innovate UK customers was launched as the *Sustainable Innovation Fund* to help establish more 'climate positive' behaviours, e.g., new technologies focused on making homes and offices more energy efficient, new medical technologies, reducing the carbon footprint of public transport, reusable packaging materials, AI systems etc. Project costs must be between £100,000 and £500,000. Projects can involve single applicants and collaborations but at least one SME must be involved.	• *Coronavirus Job Retention Scheme* – The UK government provided grants to employers to cover the wage of employees who were not working but kept on the payroll. Grant was calculated as the lower of 80% of an employee's regular wage or £2,500 per worker per month, plus the associated employer national insurance contributions and minimum automatic employer pension contributions. Scheme was initially from 1 March 2020 to the end of June and then extended until end of October, although the government contribution reduced to 70% of wages up to a cap of £2,187.50 (with employers paying the additional 10%) in September, and 60% or £1,875 in October (with employers paying the additional 20%). • *Job Support Scheme* – six month scheme from 1 November 2020. For employees who work a minimum of 33% of their usual hours, the government and the employer will each pay one-third of the employee's usual pay for every hour not worked (government contribution capped at £697.92 per worker per month). Was subsequently expanded for businesses who had to shut due to Covid, with employees who could not work receiving 2/3s of their normal pay up to a maximum of £2,083.33 per employee per month; and also expanded to include employers facing reduced demand due to Covid, with employees receiving 66.67% of their normal pay for hours not worked (with 61.75% paid for by the government and 5% paid by the employer) up to a maximum of £1,541.75 per employee per month (employees need to work at least 20% of their usual hours).	• *Trade Credit Insurance guarantee.* Businesses with supply chains which rely on Trade Credit Insurance and who are experiencing difficulties maintaining cover due to Coronavirus will be guaranteed by government. The scheme is available for 9 months from 1 April 2020, with potential for extension if required.				

Fiscal	R&D, innovation & investment	Skills & talent	Transport & trade	Infrastructure	Business capability and continuity	Other	Manufacturing specific
investor-led, i.e., an investor or a group of investors applies in connection with an eligible company. To be eligible, a business must have has previously raised at least £250,000 in equity investment from third party investors in the last five years. Loans will be for a maximum period of 36 months, at a minimum interest rate of 8%. The loans will automatically convert into equity, at a minimum conversion discount of 20%, on the company's next qualifying funding round, or at the end of the loan if they are not repaid. • *Self-Employed Income Support Scheme* – grants for businesses adversely impacted by Covid-19. Pays qualifying self-employed individuals up to 80% of their average monthly profits over the previous three years up to a limit of £2,500 per month for April-June; then 70% of average monthly profits up to a maximum of £2,190 per month over July-September; then 80% of average monthly trading profits over November-January for those who have had a continuing impact from Covid-19. There will be a fourth round over February-April 2021. Open to those who make more than 50% of their income from self-employment or as a member of trading partnership with profits of less than £50,000. • *Covid Small Business Grant Scheme* – additional funding for local authorities to support small businesses that pay little or no business rates. Provides a one-off grant of £10,000 to help meet their ongoing business costs. • *Local Restrictions Support Grants* – businesses in England required to close due to lockdowns or Covid-19 restrictions were initially able to receive grants worth up to £1,500 every 3 weeks; these were increased to £3,000 per month and were eligible for payment after 2 weeks of closure rather than 2). • *Reimbursement of statutory sick pay* – UK government reimbursed SMEs for sick pay costs associated with Covid-19 (limited to 2 weeks of sick pay per employee). • *Tax Deferral – Value Added Tax* (VAT). VAT payments for the quarter March to 30 June 2020 were deferred and could be paid over the financial year 2021-2022 (was automatic). • *Tax Deferral –Income Tax.* Income tax payment on account due on 31 July 2020 will be deferred until 31 January 2021 – all self-employed were eligible for the deferral (automatically applied). Those with up to 30,000 income tax liabilities could pay over an additional 12 months.		• *Apprenticeship Scheme* - From August 2020 to January 2021, any firm that hires a new apprentice aged 16-24 will receive £2,000, while any firm that hires a new apprentice aged 25 or over will receive £1,500. This payment is in addition to the existing £1,000 incentive the government already provides for new 16-18 year-old apprentices. • *Traineeship Scheme* – Firms receive £1,000 for each new traineeship placement they create (a skills development programme that includes a work placement, which typically last less than 6 months), with the government providing funding for around 30,000 new places.					

Fiscal	R&D, innovation & investment	Skills & talent	Transport & trade	Infrastructure	Business capability and continuity	Other	Manufacturing specific
Country-level • *Welsh Economic Resilience Fund.* Under the Fund for SMEs and large companies, grants of £25,000 and £100,000 were available for SMEs between 10-249 employees that have experienced a drop in turnover greater than 60% since 1 March 2020 and with a sustainable business plan to trade out of the crisis. Under the Fund for microbusinesses, a grant of £10,000 was available for businesses employing between 1-9 employees and that had experienced a drop in turnover greater than 40% since 1 March 2020. • *Development Bank of Wales Loan Scheme.* Available for companies experiencing cash flow problems as a result of Covid-19 and provides loans of between £5,000 and £250,000. Available for businesses that have been operating for longer than 2 years, with a 12 month capital and interest repayment holiday, and 2% interest for 6 years. • *Northern Ireland: Three month rate holiday* to all businesses in Northern Ireland (April-June) The issuing of rates bills was also deferred until June 2020. • The Scottish Government provided a £34 million *Newly Self-Employed Hardship Fund*, managed by Local Authorities. It is allocated to the newly self-employed facing hardship through £2,000 grants.				• England – £1.3b of investment to deliver homes and upgrade infrastructure in over 300 shovel-ready projects. Includes £900m Getting Building Fund to deliver 45,000 homes, create up to 85,000 jobs and reduce 65m kgs of CO2 of emissions across England. Projects funded include regeneration of town and city centres, green infrastructure and clean energy, transport & connectivity improvements, unlocking of housing and business sites. Also includes £360m investment in new homes on brownfield land.	• *Small Business Grant England*: SMEs in England have access to grants of between £1,000-£5,000 to help access new technology and other equipment as well as professional, legal, financial, IT, or other advice to help them recover. Fully funded with no requirement for a contribution from the businesses. £20m of funding available to regional growth hubs to allocate.	Other	Sector specific

United States

Table 11: Major policy and programme responses in the United States

Fiscal	R&D, innovation & investment	Skills & talent	Transport & trade	Infrastructure	Business capability and continuity	Other	Manufacturing specific

• The Coronavirus Aid, Relief and Economic Security (CARES) Act authorised US$500b to provide liquidity to businesses that were impacted by Covid-19. US$46b was allocated for direct lending to certain industries and US$454b was allocated to support programmes for lending to and investment in eligible businesses.
• Business support included:
  ◦ *Direct loans to mid-sized businesses* (between 500 and 10,000 employees) at interest rates no higher than 2% and with no interest or principal due for at least the first six months. Businesses have to give an undertaking to retain/restore at least 90% of its workforce and not to offshore any job during the loan term plus two years.
  ◦ *Expansion of the Small Business Administration (SBA) Loan programme – Paycheck Protection Programme.* Makes loans available for SMEs (with fewer than 500 employees or meeting SBA industry requirements) up to a maximum of US$10m to pay salaries, mortgage payments, rent, utilities and interest on debt. Loans have a maturity of 2 years, interest rate of 0.5 percent, with the first payment to be deferred for six months.
  ◦ *SBA Disaster Loan Programme* – loans of up to US$2m available to qualifying small businesses in all states. Provides for working capital to enable businesses to resume normal operations and alleviate problems caused by Covid-19. Applicable to businesses with fewer than 500 employees. SBA does not seek personal guarantees for loans of US$200,000 or less. Applicants to the loan programme can also seek an emergency (non-repayable) grant of US$10,000 for provision of sick leave, payroll, supply chain costs, rent or mortgage payments or repaying debts.
• Business tax provisions:
  ◦ *Deferral of payroll tax* for up to 2 years, with half of such taxes due on 31 December 2021 and the remained due on 31 December 2022.
  ◦ *Refundable payroll tax credit* for 50% of wages paid during the crisis for those businesses whose operations were affected due to a shut-down order or whose revenues declined by more than 50% when compared to the same quarter in the prior year.
  ◦ *Business interest deduction* – increase in the amount of interest expenses businesses are allowed to deduct for 2019 and 2020 from 30% to 50%.
		• *Employee retention credit* – for businesses who have to close due to Covid-19 and who continue to pay employees their wages during the period of closure. Provides a credit of 50% of the qualified wages paid by an employer to an employee, up to a maximum of US$10,000 per employee. Businesses must have suffered a significant decline in business during 2020 (i.e., receipts are 50% or less than the comparable quarter in the previous year).	• $US46b for *loans and loan guarantees for air carriers and other related businesses* to maintain operations. $10b to the Federal Aviation Administration for Grants-In-Aid for Airports."
			• *Export-Import Bank of the US (EXIM)– relief measures* for exporters and financial institutions, including waivers, deadline extensions, streamlined processing and flexibility for its working capital loan guarantee and export credit insurance programmes. These include:
			  ◦ *Bridge Financing Programme* – temporary, short-term bridge financing to enable international customers to acquire US goods and services. The Bridge Financing Programme enables exports to go forward through short-term (e.g., one year) financing of US exports until private sector liquidity returns.
			  ◦ *Pre-delivery/Pre-export Financing Programme*. US manufacturers of large-scale items (aircraft, satellites, etc.) can rely on advance or progress payments during production. As international customers can struggle to do this due to liquidity constraints resulting from Covid-19, EXIM will temporarily expand its Pre-Export Payment Policy for a one-year term for such transactions.
			  ◦ *Supply Chain Financing Guarantee Programme*. This programme enables suppliers to sell their accounts receivable to a lender to obtain early payment of invoices at a discounted rate, while EXIM guarantees the lender's purchase of the accounts receivable. Due to expected liquidity constraints in exporter supply chains, EXIM will expand the programme by relaxing its criteria and increasing its guarantee level.
			  ◦ *Working Capital Guarantee Programme.* This programme facilitates loans from commercial lenders to creditworthy US businesses that export over the term of the loan. EXIM will temporarily modify the programme to make it more flexible, i.e., expand programme eligibility to cover all inventory that could potentially be exported, reduce the programme's fee structure and temporarily increase the guarantee level.
							• US$50 million of funding for the Hollings *Manufacturing Extension Programme* to help small- and medium-sized manufacturers recover by finding value within the supply chain and expanding markets
							• *NIST Manufacturing USA National Emergency Assistance Programme* – US$12.3m of support to manufacturing institutes to undertake high-impact projects designed to respond to the Covid-19 pandemic. NIST anticipates funding individual projects at a level of approximately US$250,000–US$10m.

Fiscal	R&D, innovation & investment	Skills & talent	Transport & trade	Infrastructure	Business capability and continuity	Other	Manufacturing specific
• *Immediate write-off of improvements on certain qualified property instead of depreciation.*							
States and Cities: • *Chicago*:US$100 million Chicago Small Business Resiliency Loan Fund to provide low-interest loans to small businesses • *Denver:* business owners can apply for cash grants up to US$7,500 as part of Denver Economic Development and Opportunity' emergency relief programme. • *Florida:* The Florida Small Business Emergency Bridge Loan Program is providing loans of up to US$50,000 with one-year terms to small businesses with 2 to 100 employees. • *Los Angeles*: The Small Business Emergency Microloan Programme offers loans ranging from US$5,000 to US$20,000 with 0% to 3% interest rates. • *Massachusetts:* A US$10 million relief fund for Massachusetts businesses affected by the coronavirus. Funds up to US$75,000 are available for companies with fewer than 50 full- and part-time employees. • *Michigan:* A Michigan Small Business Relief Programme that will allocate US$10 million in small business grants and US$10 million in small business loans to local business owners. • *New York City:* The NYC Small Business Service is offering businesses with fewer than five employees grants to cover 40% of payroll costs for two months. Other local support for SMEs includes zero-interest loans repayable over 15 to 20 years for firms with under 100 employees, for loans up to US$75,000, conditional on demonstrating a 25% decrease in customer receipts. Businesses with fewer than 100 employees and sales decreases of 25% or more will be eligible for zero-interest loans up to US$75,000. • *Philadelphia:* COVID-19 Small Business Relief Fund provides support to local small businesses in the form of grants and zero-interest loans. • *San Diego*: A US$6 million Small Business Relief Package that will give microloans ranging from US$10,000 to US $20,000 to local small businesses with 100 or fewer full-time employees. • *San Francisco:* Small businesses with fewer than five employees are eligible to receive up to US$10,000 for staff salaries and rent. Businesses with up to US$10 million in gross receipts have the option to not pre-pay their first quarter business tax by 30 April 30, and instead defer the payment to February 2021, without interest, fees or fines. • *Seattle:* US$1.5 million in grants, of up to US$10,000, to small businesses. The city waived financial penalties for businesses that pay their taxes late.							

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