

Covid-19: International Manufacturing Policy Responses (Update)

**A report for the Department for Business, Energy
& Industrial Strategy (BEIS)**

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EXECUTIVE SUMMARY

28 September 2020



Covid-19: International Manufacturing Policy Responses

This report provides an overview of international policy responses aimed at mitigating the impacts of Covid-19 on manufacturing. This is an update of the report "[Covid-19: International Manufacturing Policy Responses – A preliminary review of international approaches to supporting the manufacturing supply chains and workforce](#)", published in April 2020.

The list of measures presented here is not exhaustive, and the report should be seen as a snapshot of the current international policy landscape, which is likely to change rapidly as governments implement new measures.

Policy measures captured in this report were announced by 2 June 2020, unless otherwise specified.

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Last update: July 2020

Aims of the review

To inform UK policy responses aimed at addressing the impacts of Covid-19 on manufacturing by:

- Reviewing emerging international policy approaches in selected countries to support the manufacturing industries, supply chains and workforce following the global Covid-19 outbreak.
- Highlighting the key focus areas identified in national responses.
- Exemplifying specific policies focused on manufacturing and providing insights into practical implementation mechanisms.

About this update

- This report is an update of the review [“Covid-19: International Manufacturing Policy Responses – A preliminary review of international approaches to supporting the manufacturing supply chains and workforce”](#), conducted between March and April 2020, when most countries were in the most acute phase of the Covid-19 pandemic.
- As countries have entered the recovery phase and gradually reopened their economies, the policy focus has shifted from mobilising manufacturing towards critical supplies, to ensuring continuing operation of manufacturing and supporting post-crisis manufacturing growth.
- This update was conducted between April and June 2020 and includes a non-exhaustive list of policy measures announced by governments by 2 June 2020, unless otherwise specified.

Limitations

- The review should be seen as a snapshot of the current international policy landscape, which is likely to change rapidly as governments implement new measures. **Caution is needed when interpreting its findings and drawing policy implications.**
- This review covers a **selection of 13 countries** (plus the European Commission), namely, Australia, China, France, Germany, India, Ireland, Italy, Japan, New Zealand, Singapore, South Korea, Taiwan and the United States. While efforts have been made to identify the most relevant policy responses in these countries, the list of measures presented here is not exhaustive.
- While efforts have been made to **identify policy responses, particularly focused on manufacturing industries**, many of the measures reported are cross-sectoral. However, emphasis has been placed on the manufacturing implications of such measures.
- The focus of the review has been on **central/national government initiatives**, in particular those established by economy and industry ministries. Although some countries included in this review are able to provide state-level support, a detailed review of measures implemented by regional government and individual government agencies is outside the scope of the review.
- Policy responses reported include both **newly established measures and existing ones** that have been expanded and/or updated.
- The review largely relies on **official documents published in English**.

Key Findings

Overview of themes

Themes also covered in the first report	Ensuring continuity of manufacturing businesses
	Mobilising manufacturing towards critical supplies
	Supporting post-crisis manufacturing growth
New themes in this update	Cross-sectoral approach to manufacturing support
	Reshoring
	Supply chains
	R&D-related support mechanisms
	Public research and technology organisations (RTOs) and centres of excellence

Ensuring continuity of manufacturing businesses

Highlights from the initial review

- Across the countries reviewed, a key emphasis observed is the provision of financial and fiscal support to help manufacturing firms survive and retain their workforce.
- However, the majority of the support funds are intended for distribution across the whole economy, and, as such, it is difficult to identify the scale of funding assigned to manufacturing industries specifically.

What is new?

- Compared to the first review, most of the countries surveyed have introduced new measures, as well as enhanced ones (by allocating additional funding to previous measures and relaxing eligibility criteria). Examples include further deferral of VAT payment and general tax exemptions.
- A focus of new measures has been to help businesses re-start their operations and guarantee the safety of workplaces. Examples include “toolkits” to help businesses get back to work safely (including the distribution of masks to SMEs in France), and practical guidance to ensure the free movement of critical workers (as in the case of the European Commission).

Mobilising manufacturing towards critical supplies

Highlights from the initial review

- In order to address the spike in demand for medical supplies and protective equipment, some countries have provided financial and fiscal support, as well as general guidance, to ensure the availability of critical supplies.

What is new?

- Most of the countries reviewed have introduced additional measures focused on critical supplies, with the focus moving from supplies to the health sector towards protective equipment for the safe resumption of business operations.
- China has introduced new trade-related measures, such as enhanced sanitary inspections, as well as the provision of guidance to exporters of face masks on the European Union's technical standards and certifications processes.
- The Export-Import Bank of the United States (EXIM) has decided to exclude, on a temporary basis (until September 2020), exports of medical supplies and equipment in short supply from insurance policies, loans and guarantees.
- Germany has expanded financial support for the production of face masks and introduced an exemption of import duties for medical relief supplies.
- Platforms to disseminate guidelines and funding opportunities for the production of critical supplies have been established in countries including Ireland and Japan.

Supporting post-crisis manufacturing growth

Highlights from the initial review

- Limited number of initiatives to support the swift recovery and future growth of manufacturing industries, particularly countries such as China and Korea, which had already made some progress in tackling the adverse effects of the pandemic.
- Measures were reported in areas including: capital investment, skills development, R&D funding, support for new business models and market diversification, consumption incentives and digitalisation.

What is new?

- As countries have started to gradually reopen their economies, the focus of government policies has moved towards supporting recovery and post-crisis growth. Measures addressing long-term issues (capabilities, productivity, competitiveness) are being repackaged under Covid-19 recovery packages and allocated increased funding.
- China and Korea have prioritised smart manufacturing and advanced digital production.
- France has introduced new support plans for technology companies, including funds for developing high-risk technologies and the removal of regulatory barriers.
- Italy has introduced new guarantee loans targeting technology start-ups and has extended the deadlines to utilise super-depreciation in the framework of the Industry 4.0 legislation.
- Japan is providing subsidies that cover up to 75% of costs incurred by SMEs to repair damaged supply chains and shift to remote business models (including investment in telework equipment).
- Singapore has increased grants for companies to adopt productivity-enhancing solutions, and advanced digital technologies, and to enrol in training on business digitalisation. It is also providing funding support for business that expands internationally for the first time.
- New Zealand is targeting R&D-intensive business, by providing short-term temporary loans, as well as the agri-tech sector, by including funding of the development of robotics in horticulture.
- Taiwan is supporting exporting manufacturers to take advantage of new business opportunities, with technical support for e-commerce and export consulting services.

Cross-sectoral approach to manufacturing support

- The most common approach identified across the countries reviewed is to adopt a cross-sectoral approach rather than targeting specific manufacturing industries. This is particularly the case for financial measures such as grants, liquidity support, guarantees and tax deferrals derived from national support packages that are intended to be accessible to all companies in the economy. There are, however, some examples of vertical measures focused on industries such as aerospace and automotive and measures specifically targeting SMEs.
- There has been a broad eligibility criteria. Singapore has expanded grants for companies to adopt productivity-enhancing business solutions and advanced digital solutions, and enrol in training on digitalisation of business. Similarly, Australia is providing support for transforming and upgrading of manufacturing operations through the Manufacturing Modernisation Fund, which is open to manufacturing SMEs (up to 199 employees). China has introduced measures to support the creation and use of advanced digital production technologies by large firms with the potential to foster the adoption of those technologies across SMEs in the value chain.
- Support to exporting firms introduced by many countries is likely to impact the manufacturing sector the most, given the export-orientation of the sector compared to the rest of the economy.
- Vertical measures targeting a specific manufacturing sub-sector have also been announced. France's automotive sector support plan provides grants, investments and loans to increase the competitiveness and sustainability of the automotive industry; and the aeronautics sector support plan includes financial support for export firms, anticipation of public procurement orders, and the R&D aerospace investment fund. Through the Future Package, Germany aims to support transformation of the automotive industry and building up sustainable value chains, by providing support to vehicle manufacturers and their suppliers and promoting investment in new technologies, processes and equipment. China has extended subsidies for new energy vehicles and the construction of new charging stations, with the specific aim of stimulating the automobile market amid the global downturn in the industry.

Reshoring

- The Covid-19 pandemic has highlighted the high reliance of countries on imports of components and raw materials from abroad, particularly for personal protective equipment. Some countries have used the health crisis as an opportunity to foster domestic supply chains by supporting reshoring, although there is still no strong evidence on the results achieved.
- For example, Japan has introduced two measures that go in that direction: subsidies to encourage firms to reshore their production and diversify their production bases in ASEAN (under what is being called a “China +1” strategy); and grants and credit guarantee for projects that enhance the stockpiling capacity of rare earth metals.
- Under the GVCs Innovation Strategy, South Korea is providing tax cuts, financial aid and on-site support and advisory services to target reshoring of 100 Korean firms by 2022.

R&D-related support mechanisms

- A number of countries have recognised that, as a result of the economic downturn caused by the Covid-19 pandemic, R&D programmes are at risk of being reduced or put on hold as firms focus on short-term needs.
- A finding of this review is that governments are providing support to R&D-intensive firms and technology start-ups to foster economic recovery, although the support tends to be cross-cutting rather than targeting specific technologies (with the exception of the financial support targeted at the automotive sector, particularly to foster the green transition to electric vehicles – an example is Italy’s measure to establish an R&D centre for the automotive sector).
- New Zealand has introduced temporary loan schemes for R&D-intensive businesses that is intended to encourage R&D-performing businesses to continue R&D programmes in the current economic environment. Italy has increased guarantee loans for technology start-ups, and France has developed a support plan for technology companies, including funds for developing high-risk technologies and the removal of regulatory barriers. Finally, China has increased financing, deferred repayment and lowered interest rates for start-up loans.

Supply chains

- Supply chain disruptions are at the heart of the global economic shock driven by Covid-19. Manufacturing has experienced a “**Triple hit**”: direct supply disruptions (domestically, due to lockdown measures); supply chain contagion (disruptions to international trade, causing production bottlenecks across supply chains, even in countries that have not enforced lockdown measures); and demand disruptions (drops in aggregate demand and uncertainty among consumers, investment delays by firms).
- In addition to reshoring, several policy measures introduced have been aimed at responding to supply chain disruptions. Examples include the support to continuity of supply chains across manufacturing industries by providing, among other things, financial and fiscal support, as well as import and export support (see the case of US Export-Import Bank support that extended relief provision for exporters and financial institutions). Ireland has provided information on existing support for market diversification.
- Measures to technology upgrade supply chains and business models have also been introduced. China, for example, is promoting the adoption of advanced digital production technology and innovation within supply chains led by large SOEs and top private firms, for diffusion to SMEs. Australia is ensuring support for transforming and upgrading manufacturing operations for 200 projects through the Manufacturing Modernisation Fund. Japan is providing a subsidy that covers up to 75% of costs incurred by SMEs to repair damaged supply chains, shifting to non-face-to-face business models, and investing in the telework environment.

Public research and technology organisations (RTOs) and centres of excellence

- As countries enter the recovery phase, they have established efforts to leverage existing manufacturing capabilities and public RTOs and centres of excellence. Naturally, a priority has been to direct research efforts to support the needs of the medical sector.
- In the USA, Manufacturing USA institutes have announced efforts to support and direct high-impact funding into existing efforts in the manufacturing sector to both stimulate the US economy and support efforts to respond to the Covid-19 pandemic and other public health crises. Through grants and cooperative agreements, the NIST Manufacturing USA National Emergency Assistance Program anticipates funding individual projects at a level of approximately \$250,000 to \$10m, covering projects that span both medical and non-medical counter-measures; technical support to accelerate production of critical materials, equipment and supplies; creation of additional production facilities; technology roadmapping for pandemic response and recovery; and reshoring the manufacture of critical conventional drugs and ensuring supply chains for critical materials related to pandemic response.
- In Germany the Fraunhofer Institutes are supporting companies, with a focus on life sciences, in particular on critical projects in the medical and health sectors (i.e. the development of a vaccine, innovative diagnostic techniques, the development of new drugs, putting into place a powerful IT infrastructure, and prioritising the relevant pre-competitive research). They are also assisting manufacturers that make components for personal protective equipment (PPE).

International Manufacturing Policy Responses at a Glance



Note: not exhaustive

Ensuring continuing operation of manufacturing businesses

Mobilising manufacturing towards critical supplies

Supporting post-crisis manufacturing growth

Measures captured in the first review: "[Covid-19: International Manufacturing Policy Responses](#)", and reported on 3 April 2020

- [Financial incentives for A\\$17.6bn](#) (~£8.8bn), including:
 - [SME support for salary payments](#) (50% covered by the government over 6 months).
 - [SME Guarantee Scheme](#) (~£20bn).
- Creation of the [Coronavirus Business Liaison Unit](#).
- [Advice for business continuity](#).
- [Deferral of energy bills](#) to avoid disconnection, in collaboration with energy business.
- [Mapping domestic production capability of medical personal protective equipment](#).
- [Subsidy of 50% of apprentice wages](#) for up to 9 months.
- Time-limited 15-month [incentive to invest by accelerating depreciation deductions](#).
- Increased threshold (~£75k) for [tax deductions for capital investment](#).

This update: measures announced by 2 June 2020 (unless otherwise specified)

Enhanced*	<ul style="list-style-type: none"> • Fiscal and balance sheet support for A\$259bn (~£140bn), including financial assistance to the airline industry through a package of up to A\$715m (~£390m). 		
New*	<ul style="list-style-type: none"> • Guidelines for workplaces (epidemic prevention and remote work) by industry and toolkits "to help business get back to work safely". • Subsidised infection control training for re-opening businesses (~£40m training fund) (12 May). 	<ul style="list-style-type: none"> • Online platform to coordinate the supply and demand of critical medical supplies. • Advice on standards, test methods, accredited laboratories and certifiers to assist with the design, manufacture and procurement of medical PPE. 	<ul style="list-style-type: none"> • Technology Investment Roadmap to drive investment in low emissions technologies (21 May). • Support for transforming and upgrading of manufacturing operations for 200 projects worth \$215m (~£115m) through the Manufacturing Modernisation Fund.



Note: not exhaustive

Ensuring continuing operation of manufacturing businesses

Mobilising manufacturing towards critical supplies

Supporting post-crisis manufacturing growth

Measures captured in the first review: “[Covid-19: International Manufacturing Policy Responses](#)”, and reported on 3 April 2020

- [Working groups](#) to restore the automotive supply chain.
- Financial/fiscal incentives to [freight and transportation firms](#).
- Promotion of [contactless delivery services](#).
- Increased use of [online procedures](#).
- Reductions and deferment of [social security payments](#).
- Deferment of [SME loan repayments](#).
- [Reduction of energy costs](#) (5% in electricity).
- [Key companies tasked with prevention and control](#).
- Repurposing [state-owned firms to supply medical materials](#).
- Funding for [patent and trademark applications](#) related to technologies for the prevention and control of the epidemic.
- [Information platform for high-tech companies](#) on technologies for epidemic prevention and control.
- [Tax and import duty reductions](#).
- Loans and subsidies for [firms producing critical supplies](#).
- [Guidelines for work resumption](#), including employee health monitoring and workplace safety.
- Supporting the development of [new technologies and business models and the adoption of digital technologies](#).
- Free and subsidised [online vocational training](#).
- [Reduction of cargo port fees by 20%](#).
- [Simplification](#) of logistics procedures.

This update: measures announced by 2 June 2020 (unless otherwise specified)

Enhanced*	<ul style="list-style-type: none"> ▪ Lower VAT rates and reduced social security payments that (due to expire in June 2020) were extended until end of 2020 (22 May). 		
New*	<ul style="list-style-type: none"> ▪ Legal aid, consultation on business solutions and training on management technology for SMEs (8 April). ▪ Job protection for disabled persons as a requirement for businesses to access government support (22 May). 	<ul style="list-style-type: none"> ▪ Documentary support in settlement of non-fulfillment of export orders and special consideration in corporate credit score rating (8 April). ▪ Simplification of trade procedures (e.g. more effective sanitary inspection and quarantine approval and fewer out-of-box audits) to reduce both import and export costs (8 April). ▪ Guide on EU technical standards and certification processes for export manufacturers of face masks and other protective equipment (4 May). 	<ul style="list-style-type: none"> ▪ Adoption of advanced digital production technology and innovation within supply chains led by large SOEs and top private firms, for diffusion to SMEs (8 April). ▪ Increased financing for start-ups (~£16–22k), deferred repayment of start-up loans and lower interest rates for start-up loans (15 April). ▪ Extension of subsidies for new energy vehicles (NEVs), and new commitments of 2.7bn RMB (~£306m) to the construction of 78,000 charging stations (23 April).



Ensuring continuing operation of manufacturing businesses

Mobilising manufacturing towards critical supplies

Supporting post-crisis manufacturing growth

Measures captured in the first review: “[Covid-19: International Manufacturing Policy Responses](#)”, and reported on 3 April 2020

- [EC's Coordinated Response Instruments](#): (inc.)
 - [€65bn](#) for the [Coronavirus Response Investment Initiative](#) under European Structural Investment Fund.
 - [€800m in financial assistance](#) through EU Solidarity Fund.
 - [€1bn](#) guarantee to the European Investment Fund (EIF) mobilising [€8bn](#) for at least 100,000 SMEs (EIB Group).
 - [Credit holidays](#).
 - Flexibilities on [state aid, liquidity to the banking sector, European fiscal framework](#).
 - [Ensuring solidarity of the single market](#) (inc.).
- [Temporary framework](#) to use full flexibility under state aid.
- EIB Group proposes to mobilise up to [€40bn](#) to fight crisis.
- EC launched an [accelerated joint procurement procedure](#) with 26 Member States to ensure the supply of medical equipment across Europe (inc.).
- [Structural funds use for supply of medical equipment](#) (i.e. Coronavirus Response Investment Initiative) (inc.).
- [Corona response team](#) set up.
- [Ensuring supply of personal protective equipment \(PPE\)](#).
- [Guidelines](#) to ensure essential goods and services; [guidance](#) to ensure air freight.
- [European standards for medical supplies freely available](#).
- [€50m for RescEU Stockpile](#) of medical equipment, personal protective equipment, vaccine, etc.
- [€6bn EIB Group](#) investment in health-care sector.
- [Fiscal framework's general escape clause activated](#).
- [New practical advice](#): continuous flow of goods across the EU, continuous operation of EU-wide supply chains.
- [A strong EU-wide approach](#) to foreign investment screening.
- [An advisory panel on Covid-19](#) set up.
- [Research and innovation support](#):
 - [Emergency call: €10m](#) for research on the novel coronavirus outbreak;
 - Up to [€80m](#) to innovative vaccines company CureVac.
- [€750bn ECB Pandemic Emergency Purchase Programme \(PEPP\)](#).
- [Covid-19 Industrial Clusters Response Portal](#) supports industrial clusters to address the challenges of the pandemic.

This update: measures announced by 2 June 2020 (unless otherwise specified)

Enhanced*

- [€25bn EIB Group Pan-European Guarantee Fund](#), which could support [€200bn](#) of financing of companies.
- [Coronavirus Response Investment Initiative Plus \(CRII+\)](#) flexibility to mobilise non-utilised ESIF.
- [REACT-EU €55bn](#) of additional cohesion policy funding – [Recovery Plan](#).

- [RescEU Stockpile](#) budget increased to [€80m](#), by [€300m](#) – [EU Emergency Support Instrument](#), reinforced – [Recovery Plan](#).

Research and Innovation support

- [Emergency call](#) scaled up to [€48,5m](#), [€117m](#) for treatments and diagnostics, [€122m](#) for urgently needed research, [€150m](#) for the European Innovation Council.
- [ERAvsCorona action plan](#),
- Reinforced Horizon Europe – [Recovery Plan](#).

New*

- [New practical advice](#) to ensure the mobility of workers in critical occupations.
- [€240bn ESM Pandemic Crisis Support](#).
- [€100bn SURE initiative](#): to help workers/businesses.

- [EU Global Response Package](#): More than [€15.6bn](#) will be secured to support partner countries.
- [€2.7bn](#) to directly support MSs health-care systems – [EU Emergency Support Instrument](#).
- [Waiving customs duties and VAT](#) on the import of medical devices from third countries.
- [Guidelines](#) on the rational supply of vital medicines.
- The date of application of the [Medical Devices Regulation](#) [postponed by one year](#).
- [EU Humanitarian Air Bridge](#).

- [A banking package](#) to facilitate bank lending.
- Ensure supply chains remain intact via [EU Global Response Package](#).
- [Coronavirus Global Response](#).
- [€2.4 trillion Recovery Plan for Europe](#); proposal of [new recovery instrument, Next Generation EU](#) and [EC adjusted Work Programme 2020](#).



Note: not exhaustive

	Ensuring continuing operation of manufacturing businesses	Mobilising manufacturing towards critical supplies	Supporting post-crisis manufacturing growth
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Measures captured in the first review: “[Covid-19: International Manufacturing Policy Responses](#)”, and reported on 3 April 2020

- [Deferral of income tax and social security payments](#).
- Suspension of [rents, water, gas and electricity bills](#).
- [€300bn for loan guarantees](#).
- €1,500 grants for [all small businesses and the self-employed](#).
- [Credit mediation](#) (support to negotiate bank credits).
- [Simplified unemployment system](#).
- [Suspension of penalties](#) for delays in government contracts.

- Community initiatives, such as the one by [La France Tech Toulouse](#), have been launched to highlight how start-ups can play a role in combatting the crisis.

This update: measures announced by 2 June 2020 (unless otherwise specified)

<p>Enhanced*</p>	<ul style="list-style-type: none"> • Possibility of deferring social security contributions was extended to June. • Further relaxation of rules of the Solidarity Fund (€1,500 grants). 		
<p>New* (updated to 24 June)</p>	<ul style="list-style-type: none"> • Distribution of 10 million washable masks for firms with between 50 and 249 employees through an online platform (from €2.31 per unit). • \$12bn bailout for Air France – KLM (jointly with the Netherlands government) conditioned to the elimination of domestic routes and being a “good customer” for Airbus SE. 		<ul style="list-style-type: none"> • Automotive sector support plan for over €8bn in grants, investments and loans to increase the competitiveness and sustainability of the industry. • Aeronautics sector support plan (€15bn), including: increased financial support for export firms; anticipation of public procurement orders; an R&D aerospace investment fund; and the creation of a public fund for diversification, modernisation and environmental transformation. • Support plan for technology companies, including funds for developing high-risk technologies and the removal of regulatory barriers.



Country	Ensuring continuing operation of manufacturing businesses	Mobilising manufacturing towards critical supplies	Supporting post-crisis manufacturing growth
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Measures captured in the first review: “[Covid-19: International Manufacturing Policy Responses](#)”, and reported on 3 April 2020

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| <ul style="list-style-type: none"> • Emergency aid: €50bn for non-refundable grants for small businesses and the self-employed (ended 31 May) (inc.). ▪ KfW Special Programme 2020 to cover short-term liquidity requirements of companies (inc.): <ul style="list-style-type: none"> ○ ERP Start-Up Loan-Universal ○ KfW Entrepreneur Loan ○ Direct Investment for Syndicated Financing ▪ Short-term work benefits (inc.). ▪ The guarantees for securing loans to companies expanded in accordance with “Federal Guarantee 2020 Regulation”. ▪ Financial support to SMEs creating home-office working models. ▪ Tax aid for companies and employees (inc.). | <ul style="list-style-type: none"> ▪ Emergency public procurement of critical resources (e.g. medical supplies, IT services) (inc.). ▪ Joint Crisis Management Team of BMG and BMWi. ▪ Freight Transport Pact for Germany: continuation of the supply of important goods. | <ul style="list-style-type: none"> ▪ Extended possibilities for export credit guarantees (inc.). ▪ Fostering the widespread use of artificial intelligence in companies: a free online course entitled “Elements of AI” (based on the study of March 2020). ▪ Call for innovative solutions to challenges related to the coronavirus in the digital space through Hackathon #WirvsVirus. |
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This update: measures announced by 2 June 2020 (unless otherwise specified)

<p>Enhanced*</p>	<ul style="list-style-type: none"> ▪ Short-term work benefits increased. ▪ KfW loans relaxed and conditions improved. ▪ Tax aid: liquidity aid; extension of reimbursement to 2019 and Corona Tax Assistance Act (28 May). 	<ul style="list-style-type: none"> ▪ Strengthening the production of medical protective equipment: joint statement and staff enabled by BMG and BMWi. ▪ Expanding support in the production of masks: the guideline for the funding of production and funding modules (29 May). 	<ul style="list-style-type: none"> • Export credit guarantees: state support in the private supplier credit insurance market.
<p>New* (Stimulus package introduced on 3 June)</p>	<ul style="list-style-type: none"> ▪ €600bn Economic Stabilization Fund of Federal Government. ▪ Funding up to €4,000 consulting costs without own contribution for SMEs and freelancers. ▪ €7.5bn for social security; simplified access. ▪ KfW Quick Loan amount up to €800,000. ▪ €2bn special aid package for start-ups. ▪ €550m support to Condor. ▪ €9bn support package for Lufthansa. 	<ul style="list-style-type: none"> ▪ Amendment of Foreign Trade and Payments Regulation focusing on the health sector. ▪ Application for exemption from import duties for relief supplies/donations of medical supplies approved by European Commission. 	<ul style="list-style-type: none"> ▪ Measures for more legal security in crisis. ▪ Company and Innovative SMEs Surveys. ▪ Temporary suspension of repayment of export credits for cruise shipping companies. ▪ Federal contact point for securing supply chains. ▪ WG for measures to stimulate the economy. ▪ Adoption and amendment of legislation for energy transition. ▪ Measures on BMWi funding programmes for simplification and digitisation, and continuation of dual training. ▪ €130bn Economic Stimulus Package.



Note: not exhaustive

	Ensuring continuing operation of manufacturing businesses	Mobilising manufacturing towards critical supplies	Supporting post-crisis manufacturing growth
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Measures captured in the first review: “[Covid-19: International Manufacturing Policy Responses](#)”, and reported on 3 April 2020

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| <ul style="list-style-type: none"> • Financial regulatory package, including: three-month deferral of loan payments and easing of working capital financing. • Loans for SMEs of up to Rs. 50 lakh (~£50k) at 5% interest rate within 48 hours. • Business Continuity Planning Toolkit and Webinar to contribute to SMEs’ resilience. • Fiscal support measures, including: eliminating penalty fees on late payments of taxes, extending payment deadlines and relaxation of fiscal procedures. | <ul style="list-style-type: none"> • Digital platform to identify and fill shortages of critical supplies. • Identification and diffusion of “essential technical features for ventilators”. • Financial incentives for domestic manufacturing of critical supplies (bulk drugs) (Rs. 6.9k crore ~ £740k). • Prohibition of exports of critical medical supplies. • Scouting for innovative technologies and solutions to address the epidemic. | <ul style="list-style-type: none"> • Scheme for financing the set-up of three pharmaceutical parks to reduce dependence on drug imports (Rs. 3k crore ~ £321m for the next 5 years). |
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This update: measures announced by 2 June 2020 (unless otherwise specified)

Enhanced*			
New*	<ul style="list-style-type: none"> • Additional measures implemented by the Reserve Bank of India, including (22 May): <ul style="list-style-type: none"> - Extension of disbursement deadlines of export credits; - Relaxation of rules for FDI; - Additional three-month deferral of loan payments. • Export & Import Helpdesk. • 4-month extension in delivery deadlines of public procurement contracts (Ministry of Defence). 	<ul style="list-style-type: none"> • Some export restrictions have been lifted and others added. • AarogyaPath, real-time health-care supply chain portal. • Action COVID-19 Team (ACT) grants for start-ups to develop solutions for responding to the Covid-19 crisis (collective initiative). • United States–India Science & Technology Endowment Fund call for proposals to respond to Covid-19 crisis. 	

Ensuring continuing operation of manufacturing businesses

- Financial [support for working capital](#), including:
 - Credit Guarantee Scheme (up to €1m).
 - Microfinance Ireland (Up to €50k).
 - SBCI COVID-19 Working Capital Scheme (€25k–€1.5m).
 - €200m Package for Enterprise Supports, including a Rescue and Restructuring Scheme.
 - COVID-19 Wage Subsidy Scheme.
 - [Sustaining Enterprise Fund](#) (up to €800k).
- [Covid-19 Business Financial Planning Grant](#) (up to €5k for external support from approved financial consultants to prepare a financial plan to secure the company in the short to medium term).
- [Webinars](#) to ensure a safe return to work.
- [Online database](#) that allows the identification of spare capacity among logistics firms.

Mobilising manufacturing towards critical supplies

- [Rapid-response call to fund RD&I activities](#) for epidemic prevention and control.
- Provision of [guidance and standards](#) for the safety production of medical goods.

Supporting post-crisis manufacturing growth

- [Lean Business Continuity Voucher](#). Up to €2.5k in training or advisory services support for crisis response, sustaining operations, including process re-engineering and planning for resilience post-crisis.
- [Covid-19 Act on Support](#), providing access to two days consultancy engagement at no extra cost to assess financial management, strategic sourcing and transport and logistics advice.
- [eiLearn Online Learning Platform](#) (over 450 pieces of customised content designed for Irish SMEs).
- Provision of information on [existing innovation support](#).
- Provision of information on [existing support for market diversification](#).
- Widening [marketing grants schemes for agri-food firms](#) (70% of eligible expenditure).

Note: **Ireland** was not included in the first review: [Covid-19: International Manufacturing Policy Responses](#).



Note: not exhaustive

Ensuring continuing operation of manufacturing businesses

Mobilising manufacturing towards critical supplies

Supporting post-crisis manufacturing growth

Measures captured in the first review: "[Covid-19: International Manufacturing Policy Responses](#)", and reported on 3 April 2020

- [Government guaranteed loans](#) to SMEs.
- [Social insurance payments postponed](#) until May.
- [Rent relief](#) of 60% tax credit for retailers.
- Appointment of a [special commissioner](#) to manage the economic crisis.
- €50m in [additional funds](#) to firms producing **medical and protection devices (especially masks)**.
- €150m for requisitioning: emergency coordination agencies can [requisition production plants and other lodging to ensure supply to the NHS](#).

This update: measures announced by 2 June 2020 (unless otherwise specified)

Enhanced*			
New*			<ul style="list-style-type: none"> • The Guarantee Fund for SMEs was strengthened to guarantee up to €100bn on loans. ▪ €200bn financial guarantee on loans to all companies to support exports. ▪ €55bn ("Economic recovery law") to support businesses and families during the post-Covid-19 phase. Main economic measures include: <ul style="list-style-type: none"> ○ €6bn grants to businesses; ○ €4bn (additional) to the Guarantee Fund for SMEs; ○ Industry 4.0: Extension of deadline to benefit the super-depreciation; ○ €20m to establish an R&D centre for the automotive sector; ○ Guarantee loans to technology start-up; ○ Additional financial resources to the Innovation Fund to foster technology transfer; ○ Creation of a "First Playable Fund" to support the Italian digital entertainment sector.



Note: not exhaustive

	Ensuring continuing operation of manufacturing businesses	Mobilising manufacturing towards critical supplies	Supporting post-crisis manufacturing growth
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Measures captured in the first review: “[Covid-19: International Manufacturing Policy Responses](#)”, and reported on 3 April 2020

- [Emergency financing guarantee scheme for SMEs](#) in all 47 prefectures, for up to 280m yen (~£2.2m).
- [Technical support provided by ICT companies](#) to organisations that intend to introduce telework options.
- [Over 1,000 consultation desks](#) for SMEs affected, or likely to be affected, by the epidemic across the country.
- Business subsidies to ramp up the [production of masks](#) for widespread use among the population (~£230k per production line).
- Relaxation of [import/export procedures](#).
- Provision of [overseas operations and market information](#).
- Priority access to subsidies [for capital investment, sales channel development and the introduction of ICT tools](#).

This update: measures announced by 2 June 2020 (unless otherwise specified)

Enhanced*	<ul style="list-style-type: none"> ▪ Emergency financing guarantee scheme for SMEs is extended to 738 instead of the original 40 designated industries (24 April). 		
New*	<ul style="list-style-type: none"> ▪ Subsidy for SMEs that suffer from declines in sales (up to 2 million yen (~£15k) for a corporation and 1 million yen (~£7.3k) for a sole proprietorship), and subsidy for preventive measures introduced as business resumes (1 May). ▪ Grace period for payment of utility bills (24 April). 	<ul style="list-style-type: none"> ▪ Dissemination of information and updates on support measures through LINE messaging app (16 April). ▪ 205.5 billion yen (~£1.5bn) in R&D grants for technologies that address Covid-19 and other infectious diseases (22 May). 	<ul style="list-style-type: none"> ▪ Grant of 260 million yen (~£1.9m) and credit guarantee for projects that enhance stockpiling capacity of rare earth metals (April). ▪ Subsidy of up over 240 billion yen (~£1.8bn) to encourage firms to reshore their production and diversify their production bases in ASEAN (7 April). ▪ Subsidy 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 environment (22 May). ▪ Handout of 100,000 yen (~£740) per resident (including those of foreign nationality) (20 April).

* **Enhanced:** measures and instruments that received additional funding after 3 April 2020, or that were not fully captured during the first review.
New: measures that were announced after 3 April 2020.



Note: not exhaustive

Ensuring continuing operation of manufacturing businesses

Mobilising manufacturing towards critical supplies

Supporting post-crisis manufacturing growth

Measures captured in the first review: "[Covid-19: International Manufacturing Policy Responses](#)", and reported on 3 April 2020

- NZ\$2.8bn (~£1.4bn) [business tax changes to free up cash flow](#): depreciation deduction; immediate deductions for low-value assets; fewer small businesses having to pay provisional tax.
- [NZ\\$600m \(~300m\) aviation support package](#): waiving the fees for passenger-based government charges to support New Zealand's airways facing declining revenues.

This update: measures announced by 2 June 2020 (unless otherwise specified)

<p>Enhanced*</p>	<p>Wage NZ\$3.2bn (~£1.6bn) additional funding for wage subsidies (until 9 June). Wage Subsidy Extension to support employers who are still significantly impacted by Covid-19 after the Wage Subsidy ends (until 1 September). Wage Subsidy Scheme to include pre-revenue R&D start-up firms.</p>	
<p>New*</p>	<ul style="list-style-type: none"> • NZ\$6.25bn (~£3.3bn) business finance guarantee scheme for SMEs. 	<p>NZ\$50bn (~£25bn) Covid-19 Response and Recovery Fund (CRRF). Selected economic measures include:</p> <ul style="list-style-type: none"> ○ NZ\$216 (~£108m) to New Zealand Trade and Enterprise (NZTE) to support exports; ○ Short-term temporary loan scheme for R&D-intensive businesses; ○ NZ\$11.4m (£5.7m) to agri-tech sector, including funding the development of robotics in horticulture; ○ NZ\$10m (~£5m) fund to incentive e-commerce in SMEs; ○ NZ\$400m (~£200) Tourism Sector Recovery Plan.

Ensuring continuing operation of manufacturing businesses

Mobilising manufacturing towards critical supplies

Supporting post-crisis manufacturing growth

Measures captured in the first review: “[Covid-19: International Manufacturing Policy Responses](#)”, and reported on 3 April 2020

- SG\$4.0bn (~£2.3bn) [Stabilisation and Support Package](#), including support for cash flow, retention and retraining of workers, and wage increases.
- [Guide on business continuity](#) planning for enterprises, especially SMEs.
- Monitoring of retail prices of protection equipment.
- Sovereign wealth fund (Temasek) supporting the distribution of masks and hand sanitiser to the population.
- [SG Together Enhancing Enterprise Resilience \(STEER\) Programme](#) – matching funds for industry-led activities supporting business growth and capability upgrading.

This update: measures announced by 2 June 2020 (unless otherwise specified)

Category	Measures	Measures	Measures
Enhanced*	<ul style="list-style-type: none"> Additional S\$53.6bn (~£30.6bn) for enhanced stabilisation and support package, including higher wage subsidy under the Jobs Support Scheme and increased wage credit under Wage Credit Scheme (26 March, 6 April). 		<ul style="list-style-type: none"> Under SG Together Enhancing Enterprise Resilience (STEER) programme, the government will match S\$1 for every S\$2 raised by industry-led initiatives (previously S\$4) (1 April).
New*	<ul style="list-style-type: none"> Cash payout to self-employed persons (S\$1,000 (~£570) per month for 9 months) (6 April). Rental waivers for 3 months to business operators who are renting from government-linked landlord agencies (6 April). Low-interest loan facility to financial institutions and temporary bridging loan programme to alleviate SMEs' immediate cash flow needs (20 April). 		<ul style="list-style-type: none"> Higher loan amounts and more flexible repayment terms for financing schemes that address the long-term growth needs of business (20 April). Increased grants for companies to adopt productivity-enhancing business solutions, advanced digital solutions, and enrol in training on digitalisation of business (1 April). Funding support of up S\$100k (~£57k) for business that expands internationally for the first time, with 200% tax deduction on expenses for eligible activities. Information on business support measures in overseas markets that are offered by the respective governments, for reference of Singaporean business with international footprint.



Note: not exhaustive

Ensuring continuing operation of manufacturing businesses

Mobilising manufacturing towards critical supplies

Supporting post-crisis manufacturing growth

Measures captured in the first review: "[Covid-19: International Manufacturing Policy Responses](#)", and reported on 3 April 2020

- [Guidelines](#) for epidemic prevention and business continuity.
- [SME survey](#) to identify specific business impacts.
- [Financial/fiscal support](#) for over £13.7bn, including:
 - [Income tax break to landlords](#) (50%).
 - [VAT breaks](#) to firms earning <60 million won (~£50k)/year.
 - [Consumption tax reductions and refunds](#) for purchases of [automobiles and high-energy-efficiency home appliances](#).
- [Simplification of administrative procedures](#) for imports and production of Covid-19-related chemicals.
- Encouraging "bricks-and-mortar" shops to open their [business online](#).

This update: measures announced by 2 June 2020 (unless otherwise specified)

Enhanced*	<ul style="list-style-type: none"> ▪ Comprehensive economic policy package, which includes financial/fiscal support, increased to 349 trillion won (~£230bn) (17 April). 		
New*	<ul style="list-style-type: none"> ▪ Measures totalling 51.6 trillion won (~£34bn), including low-interest loans for small enterprises and preferential lending to leading SMEs, to provide liquidity to businesses (17 April). ▪ Support package totalling 41.8 trillion won (~£28bn), including the purchase of commercial bonds and investment in index funds, to stabilise financial markets (17 April). 		<ul style="list-style-type: none"> ▪ Digital and Green New Deal estimated at 26.3 trillion won (~£17.5bn) to upgrade economic structure and create jobs (1 July). ▪ Tax cuts and financial aid of 4.5 trillion won (~£3bn), plus on-site support and advisory services, under GVCs Innovation Strategy to target reshoring of 100 Korean firms by 2022 (2 June). ▪ Issuance of shopping vouchers and gift vouchers to low-income households, rebates and tax deductions on credit card spending to stimulate domestic consumption (17 April).



Note: not exhaustive

Ensuring continuing operation of manufacturing businesses

- Multilingual [epidemic prevention guides](#).
- [Increase or decrease custom duties](#) (up to 1 year) to guarantee the supply of raw materials and intermediate goods.
- [Deferral of tax payments](#) (up to 12 months) and monthly installments (up to 36 months); and [tax refunds](#) of overpayments.

Mobilising manufacturing towards critical supplies

- [Coordination of efforts](#) for the production of masks, including technical advice and guidelines.

Supporting post-crisis manufacturing growth

- [Alleviation and revitalisation](#) plan, including:
 - Relaxation of conditions of [R&D grants](#) for SMEs, including an increase of 30% in the amount of awards;
 - [Grants of up to NT\\$20m \(~£540k\) for technology upgrading](#), including the development of technologies for epidemic prevention;
 - [Training subsidies](#) for industrial upgrading, up to 32 hours per employee;
 - [Export promotion](#), including e-commerce;
 - “[Triple stimulus](#)” voucher programme that allows people to purchase NT\$3,000 (~£80) worth of vouchers for just NT\$1,000.

Note: **Taiwan** was not included in the first review: [Covid-19: International Manufacturing Policy Responses](#).



Note: not exhaustive

Ensuring continuing operation of manufacturing businesses

Mobilising manufacturing towards critical supplies

Supporting post-crisis manufacturing growth

Measures captured in the first review: “[Covid-19: International Manufacturing Policy Responses](#)”, and reported on 3 April 2020

- [US\\$2 trillion stimulus package](#) (Coronavirus Aid, Relief, and Economy Security Act – CARES Act) will provide US\$500bn in loans to large companies, states and cities, and US\$350bn in aid to small businesses. It will also provide direct payments to most Americans and bolster unemployment insurance benefits.
- [Coronavirus Preparedness and Response Supplemental Appropriations Act](#): US\$8.3bn in emergency appropriations, including US\$1bn to provide low-interest loans of up to US\$2m.
- [Families First Coronavirus Response Act](#): US\$3.4bn package, including provisions for unemployment benefits, paid sick leave, medical leave and free testing.
- [The Defense Production Act](#): activated to give the president powers to mobilise the domestic industrial base to support national defence during national emergencies.
- [Federal Drug Administration – Enforcement Policy for Ventilators and Accessories](#): removal of regulatory restrictions to allow medical-device-makers to more easily make changes to existing products (e.g. suppliers or materials); and facilitating other manufacturers to more easily repurpose production lines to increase supply.

This update: measures announced by 2 June 2020 (unless otherwise specified)

Enhanced*	<ul style="list-style-type: none"> • US\$483bn Paycheck Protection Program and Health Care Enhancement Act (part of the CARES act), including US\$321bn for additional forgivable Small Business Administration loans and guarantees to help small businesses that retain workers; US\$62bn for the Small Business Administration to provide grants and loans to assist small businesses; US\$75bn for hospitals; and US\$25bn for expanding virus testing. 	<ul style="list-style-type: none"> • Export-Import Bank supports the US exporting community: addressing the shortage of medical supplies and equipment needed to treat and prevent the spread of Covid-19 ; on a temporary basis EXIM is excluding coverage for exports of medical supplies and equipment that have been designated as being in short supply. 	<ul style="list-style-type: none"> • Export-Import Bank supports the US exporting community: extended relief provisions for exporters and financial institutions.
New*			<ul style="list-style-type: none"> • NIST Manufacturing USA National Emergency Assistance Program: invites Manufacturing USA institutes to propose high-impact projects designed to respond to the Covid-19 pandemic. NIST anticipates funding individual projects at a level of approximately \$250,000–\$10m that will have a performance period of 12–18 months.

Further reading

The following databases have been developed by international organisations to track policy responses to the Covid-19 health and economic crisis:

Asian Development Bank (2020) [ADB COVID-19 Policy Database](#)

International Monetary Fund (2020) [Policy Responses to Covid-19](#)

OECD (2020) [Tackling coronavirus \(COVID-19\) – Contributing to a global effort](#)

OECD (2020) [STIP Covid-19 Watch – OECD monitor of Science and Innovation Policy Responses to the Covid-19 crisis](#)

About this report

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In addition to this report, two complementary notes have been developed on specific topics:

- *How manufacturing can emerge stronger – Policies to support industrial recovery and growth after Covid-19;*
- *The role of industrial digitalisation in post-Covid-19 manufacturing recovery and diversification;*

Contributors

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