

This brief aims to give executives information on the development and recovery process post COVID-19 in selected global markets. For a monthly update sign-up [here](#).

Business Sweden's Global Executive Brief

A new dawn

December 15th, 2020

Agenda

- **Executive summary**
- Monthly feature
- Current global situation
- Regional overview
- Country reports
- How we can help



As global cases continue to rise, news of vaccine approvals drive countries to rapidly implement vaccinations, with positive implications for economic outlook

Executive summary

Pandemic status

+55%

Global increase of confirmed COVID-19 cases. Up from 46.5 million November 1st to 72.3 million December 13th



Having been the epicenter in recent months, cases in **Europe** have now decreased. Meanwhile, the **U.S.** continues to see an increase in cases, with record-breaking numbers



European governments are adopting reactive models **allowing temporary easing of restrictions** (e.g. travel during holiday season), which could risk to further increase cases

Economic impact

-4.4% GDP

Projection globally for 2020 as of September 30th 2020*. Due to worsening conditions during October, **further downward revisions are expected**



Several vaccines have **recently received approval**. Continued expectations of positive vaccine news bolster the global economic outlook. For details see [Monthly Feature](#)

60.1

Business Sweden's **Export Managers' Index** reaches record high since June 2018. For details see [Monthly Feature](#)

Source: Our World In Data, WHO, IMF, OECD, IHS Markit, JPMorgan, UNCTAD, Business Sweden analysis *GDP projections updated September 30, 2020, further downward revisions are expected

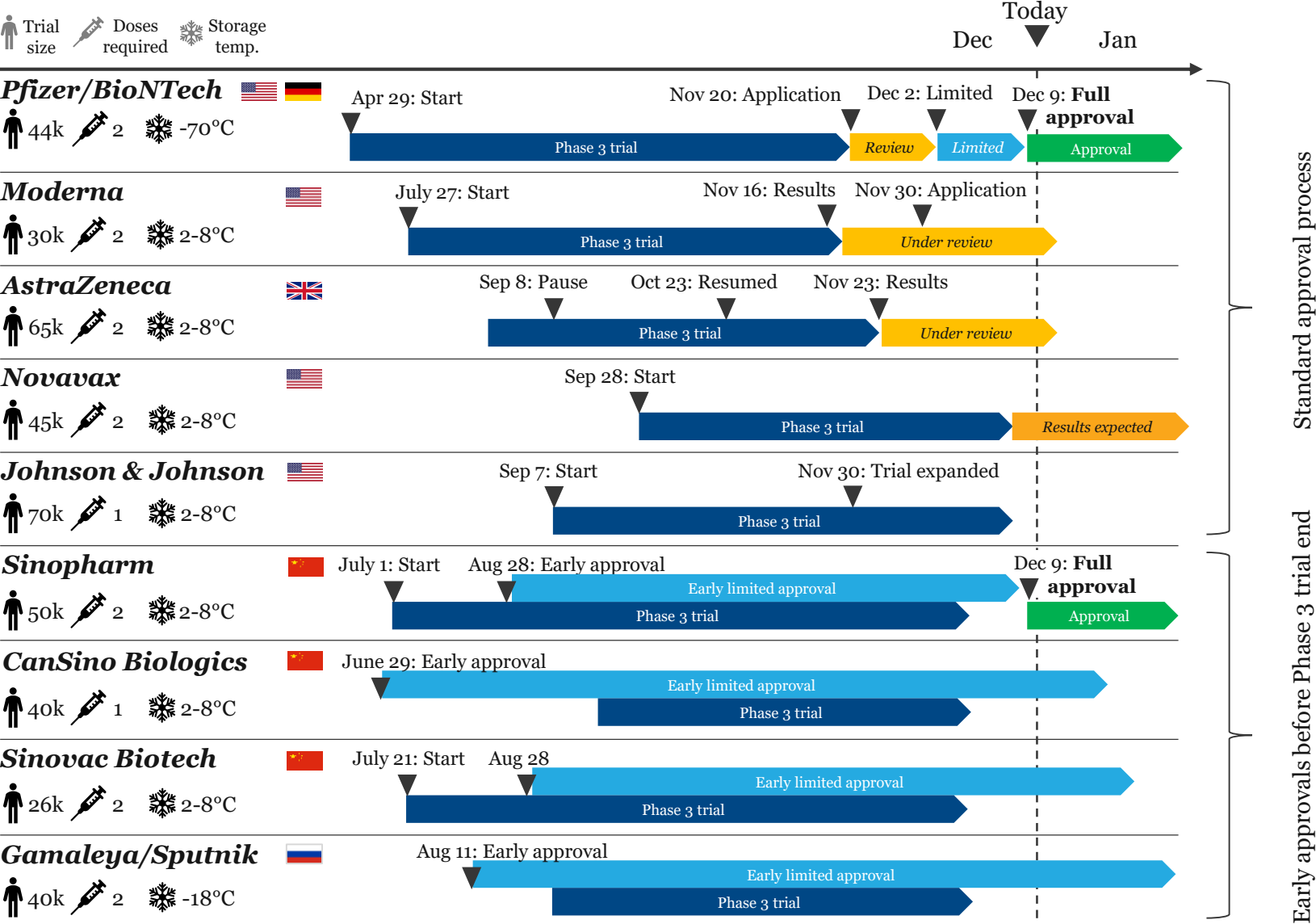
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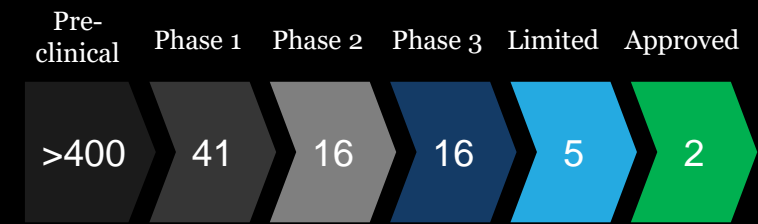
Vaccines have begun receiving approvals, further updates expected in the coming weeks

LEADING VACCINE CANDIDATES*



Sources: New York Times, Bloomberg, Guardian, * As of December 15th 2020

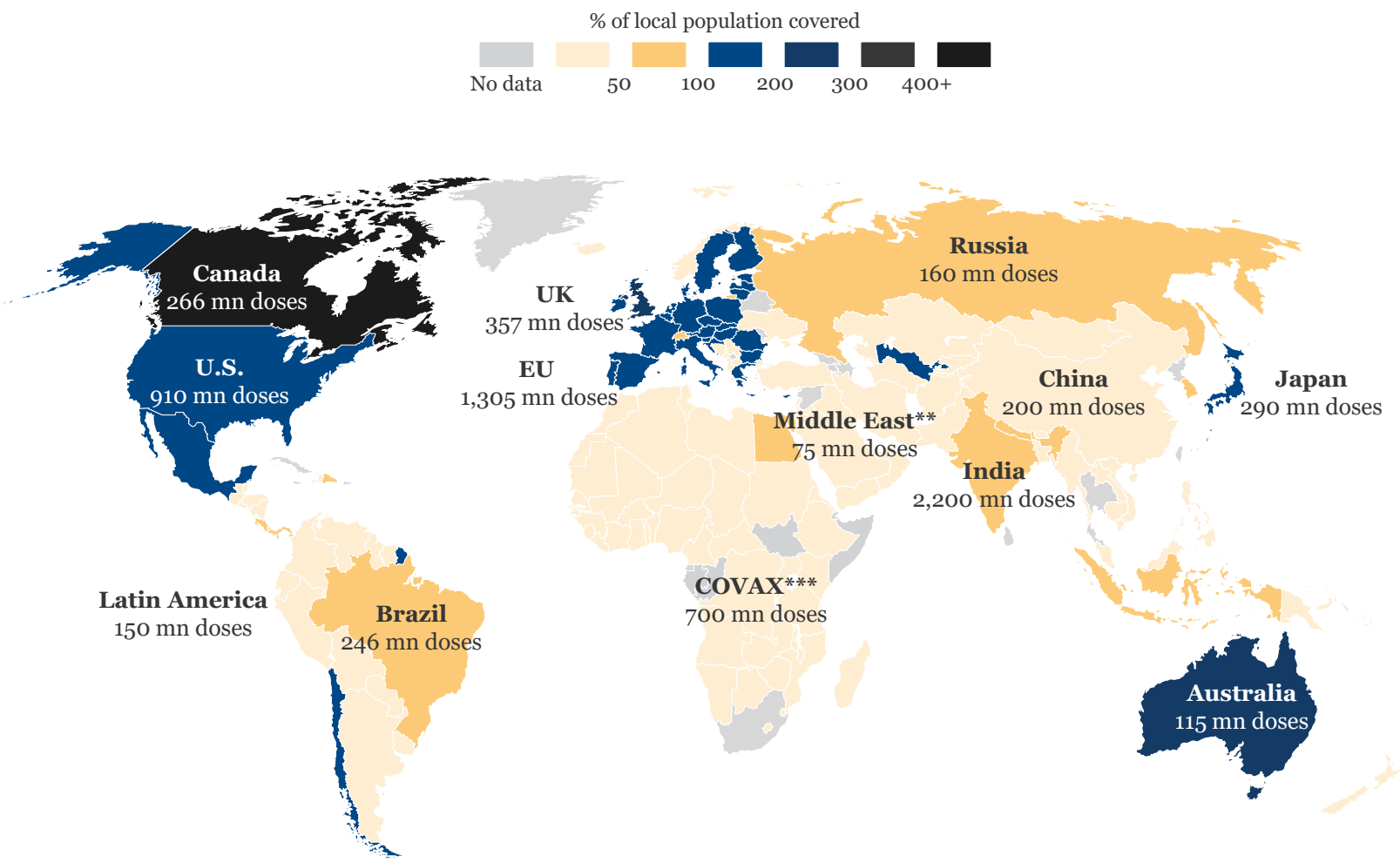
TWO VACCINES HAVE RECEIVED FULL APPROVAL SO FAR



- The first vaccines to receive full approval were **Pfizer-BioNTech** (British/German collaboration) and **Sinopharm** (Chinese)
- Pfizer received full approval in **Canada** (December 9th), and **Saudi Arabia** (December 11th), and emergency use in the UK, the U.S., Bahrain Kuwait and Mexico
- The Sinopharm vaccine has been granted full approval in the **UAE** (December 9th) and **Bahrain** (December 13th)
- Several vaccines have been granted early approval and are available for **limited use**
- Vaccine development has been a truly unprecedented **global effort**, expected to shorten development time from normal average of 10 years to **12-18 months**
- Increasingly positive news surrounding vaccine development have contributed to **more positive global economic outlooks**

Global markets have already signed major vaccine contracts for upcoming vaccinations

PUBLICLY DISCLOSED GLOBAL VACCINE CONTRACTS*



Sources: New York Times, Bloomberg, Guardian, *As of December 15th 2020. Only includes publicly disclosed deals, billions of vaccine doses are likely to be outside **UAE, Egypt, Bahrain, Jordan ***COVAX, program by WHO to facilitate access to COVID-19, covers most of the world's countries that otherwise will not have access to the vaccine

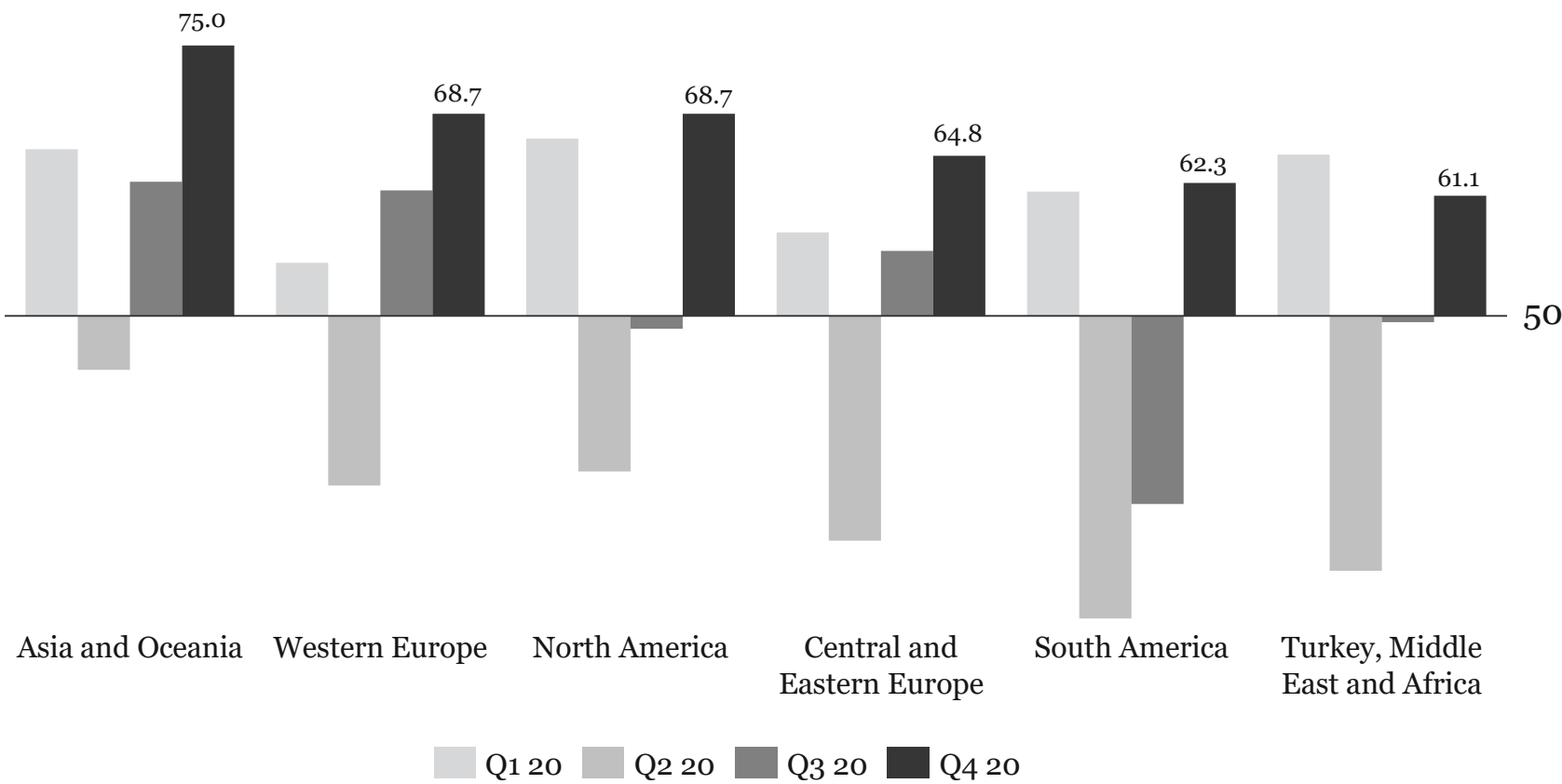
PUBLIC VACCINE CONTRACTS DISCLOSE PREPAREDNESS FOR MASS VACCINATIONS

- Countries around the world are planning for **mass vaccinations during 2021**
- Numerous contracts have already been signed between countries and vaccine providers, even though many **vaccines are not yet ready**
- There is a clear difference between developed and emerging economies, in terms of how large a **share of the local population** that current contracts can cater to
- Western Europe, North America and Australia have the **highest capacity** to mass vaccinate their populations
- Markets otherwise unable to sign independent contracts will get **access through the WHO program COVAX**

LEADING COMPANIES BY DISCLOSED VACCINE CONTRACTS (MN DOSES)*		
1	AstraZeneca	2,913
2	NOVAVAX <small>Creating Tomorrow's Vaccines Today</small>	1,297
3	SANOFI	732
4	THE GAMALEYA NATIONAL CENTER <small>OF EPIDEMIOLOGY AND MICROBIOLOGY</small>	698
5	Pfizer	598

Global Export Managers' Index reaches 60.1 – all time high since June 2018

EXPORT MANAGERS' INDEX, FORECASTED EXPORT DEMAND BY REGION



Note: The Business Sweden Export Managers' Index takes the temperature of Swedish export companies and serves as an important economic indicator in relation to Swedish exports. Values above 50 mean that there are more companies that believe in a strengthening than a weakening, and vice versa. The result is weighted with the companies' export value. **Source:** Statistics Sweden (SCB), Business Sweden analysis

SENTIMENT AMONG SWEDISH EXPORT COMPANIES AT HIGHEST LEVEL SINCE 2018

- After a strong return in Q3, Q4 indicated the **strongest forecasts since June 2018**, backed by positive vaccine news globally, despite recurring waves and reinforced lockdown measures in some countries
- The global index increased by 11.4 points to **60.1**, up from 48.7 in Q3. This is significantly above the 50-mark, the dividing line between pessimism and optimism
- All sub-indices **except order stocks** are now above the 50-mark
- The increase in expected demand was particularly steep in **North America** (+19.9 points)



Click to access the
[Export Managers' Index for Q4 2020](#)

Lena Sellgren
Chief Economist, Business Sweden



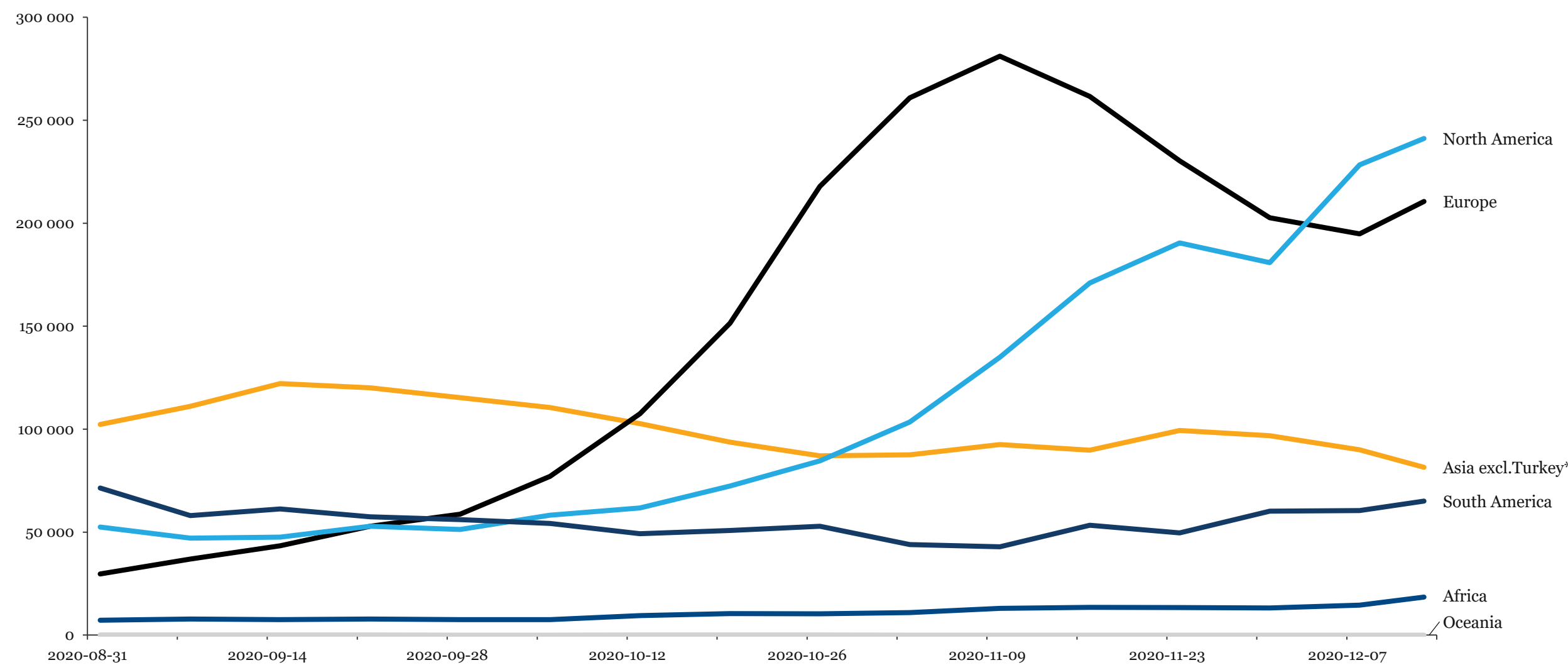
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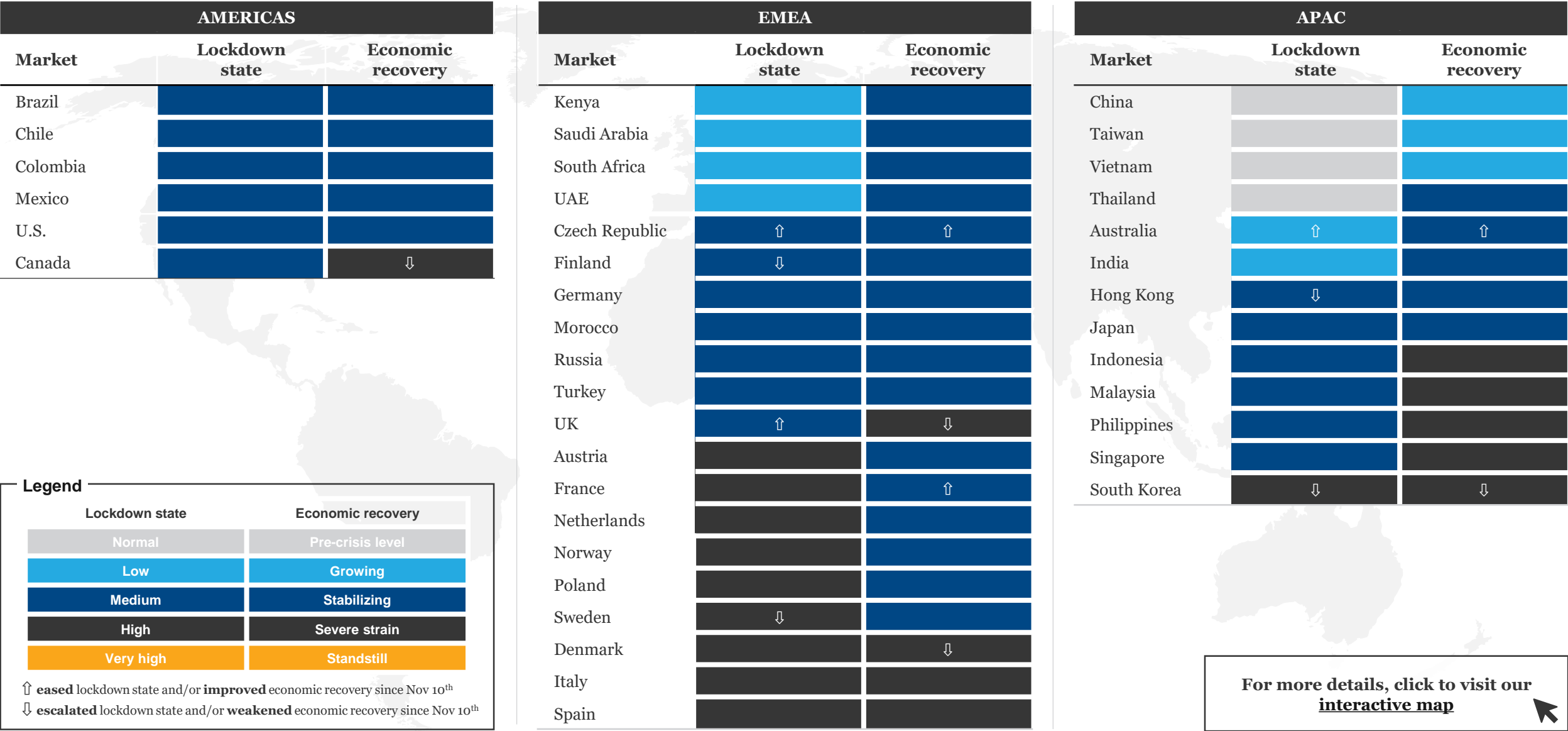
As new daily cases continue to surge in North America, Europe has seen the positive results of lockdowns and Asia remains fairly stable

DAILY CONFIRMED CASES OF COVID-19 PER REGION, ROLLING 7-DAY AVERAGE SEPTEMBER 1ST – DECEMBER 13TH, 2020



Source: Our World in Data *Turkey has been removed from Asia as the country's recent adjustment of how it defines new cases distorts the overall curve

Since November, Europe maintains a high lockdown state, while economic recovery globally remains unchanged and stabilized at a medium level



Source: Business Sweden analysis

The economic outlook is somewhat stabilized, GDP forecasts remain unchanged due to uncertainties

REAL GDP* GROWTH FORECASTS, PRE- AND POST- COVID-19 IMPACT

Last updated: September 30th 2020

	Pre-COVID-19 GDP forecast per January 2020	Post-COVID-19 GDP forecast per September 2020		
	2020	2020	2021	2022
Global	3.1%	-4.4%	5.7%	4.3%
North America	1.7%	-4.1%	4.0%	2.9%
Eurozone	1.0%	-7.9%	5.9%	3.8%
Middle East	2.3%	-7.3%	3.8%	4.1%
Asia & Oceania	4.1%	-2.0%	6.0%	4.7%
U.S.	1.7%	-3.7%	3.7%	2.9%
China	6.0%	+2.3%	7.6%	5.0%
Japan	0.3%	-5.6%	2.6%	3.0%
Germany	0.7%	-5.8%	5.3%	3.3%
India	6.0%	-10.0%	9.2%	6.3%

Source: Business Sweden analysis Note: *Purchasing power adjusted GDP forecasts as per September 30th 2020, further revisions are expected

LATEST GDP UPDATES

Global: Economic outlook has stabilized somewhat but forecasts remain uncertain

- Downward revisions prompted by the resurgence of COVID-19 waves in various regions are counterbalanced by optimistic news such as positive vaccine development

U.S.: Quarterly rebound in Q3 but overall at -2.9% year-on-year

- 7.4% quarter-on-quarter rebound in Q3 is the strongest gain on record, but this is mainly related to carry-over effects from the fast progress in May-July, while GDP year-on-year remained at -2.9% as of Q3

China: Continued strong economic recovery

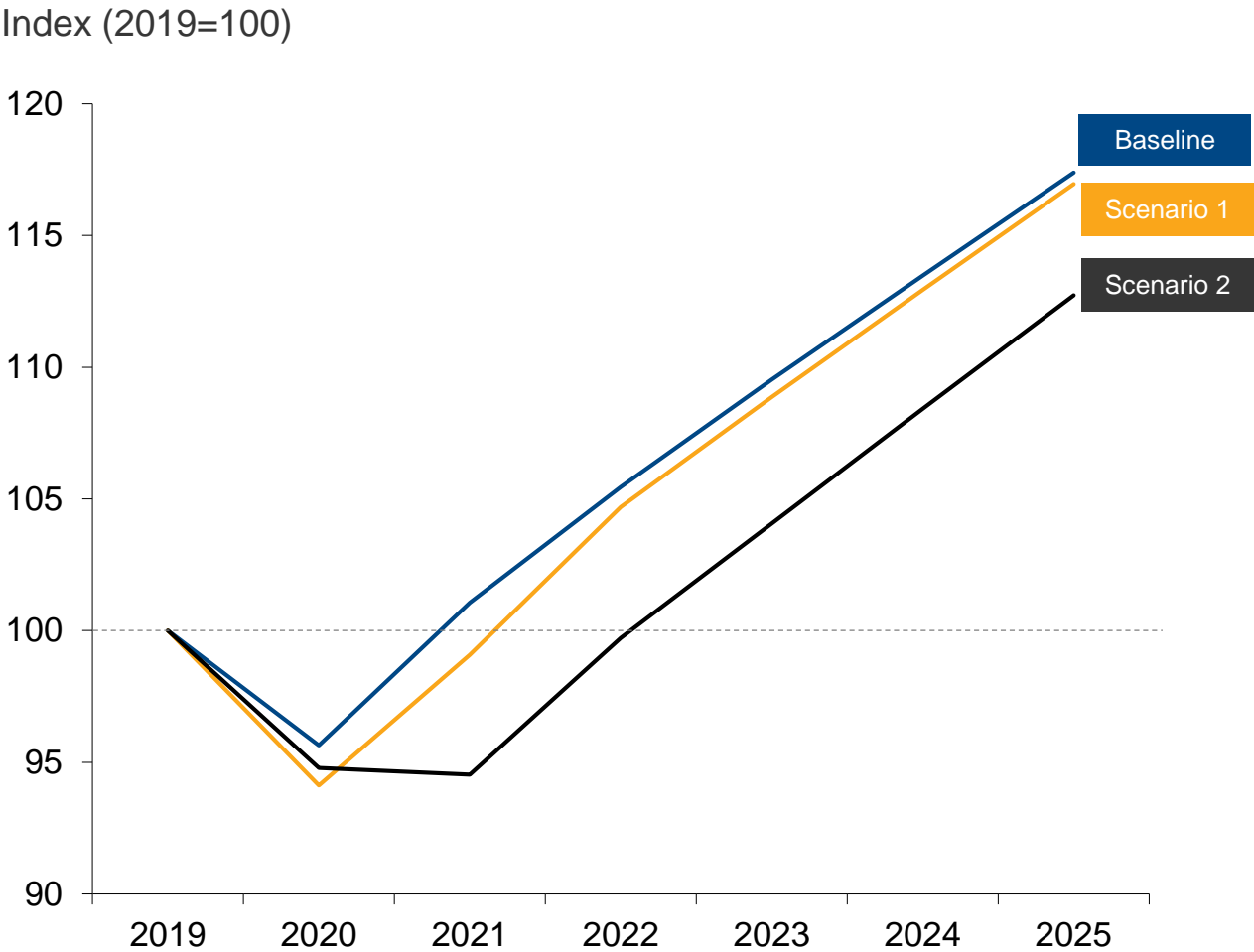
- GDP in Q3 grew by 4.9% year-on-year, up from 3.2% in Q2

Eurozone: Strong rebound in Q3 will not continue in Q4

- GDP in Q3 grew by 12.7% quarter-on-quarter, a historically large rise as activity benefited from favorable base effects after the collapse in Q2, however, the recovery has come to a halt and GDP might contract somewhat in Q4

Looking ahead, alternative scenarios show that downside risks threaten to delay global economic recovery beyond the current baseline forecast of early-2021

GLOBAL GDP

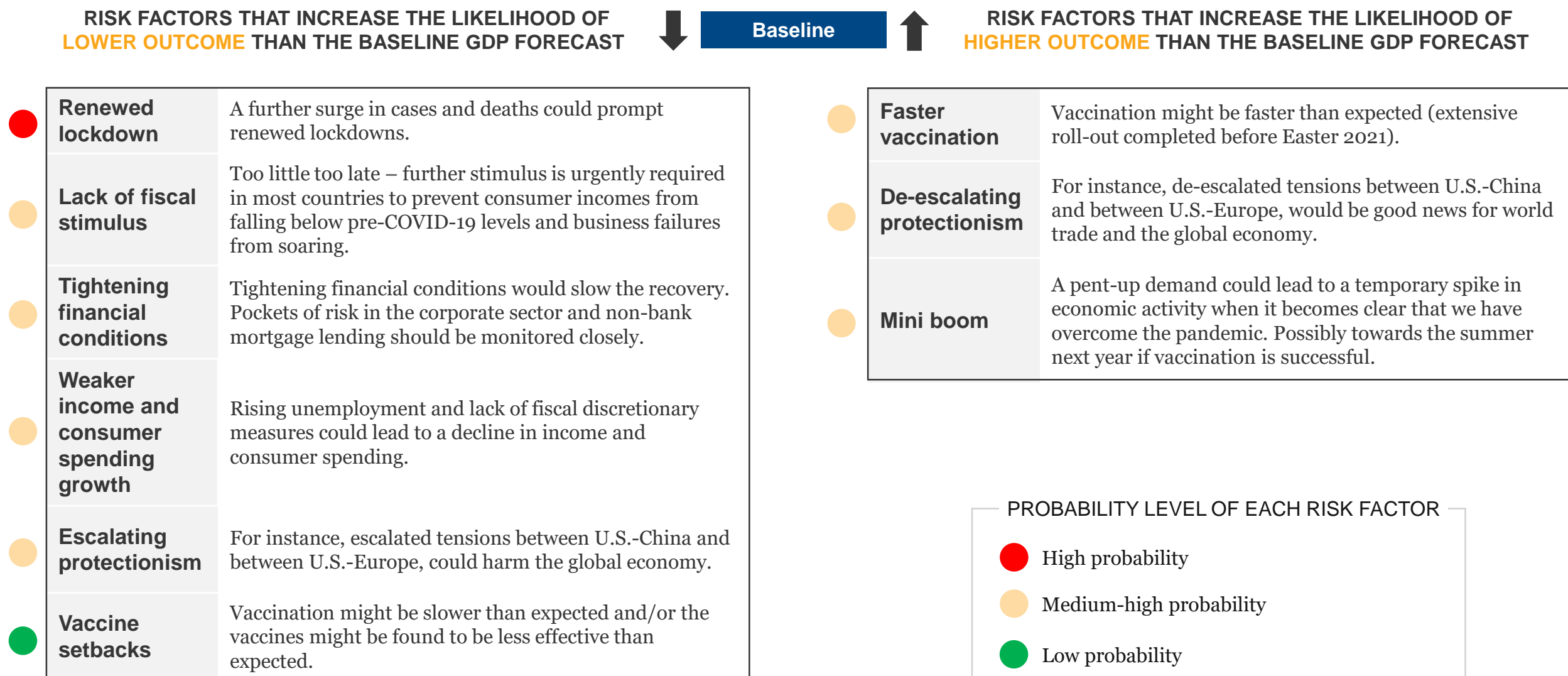


	Baseline	Scenario 1	Scenario 2
	Stabilized economic outlook but forecasts remain uncertain	Prolonged, moderate recovery until the end of 2021	Reinstated full-blown lockdowns with risks of lasting effects
Estimated GDP forecast 2020	-4.4%	-5.8%	~ -5%
Back to 2019 GDP level	Early 2021	Late 2021	Mid 2022
Pandemic scenario	<ul style="list-style-type: none"> Current pandemic situation Positive news on vaccine progress 	<ul style="list-style-type: none"> Re-tightened containment measures compared to baseline 	<ul style="list-style-type: none"> Pandemic regains momentum Reinstated lockdowns until early 2021
Economic recovery implications	<ul style="list-style-type: none"> Economic outlook fairly stabilized over the past months Forecasts uncertain 	<ul style="list-style-type: none"> Recovery will be very moderate until the end of 2021 	<ul style="list-style-type: none"> Delayed recovery Global GDP 5-6% lower than the baseline forecast
Lasting effect compared to baseline		<ul style="list-style-type: none"> Short-term (1-2 years) Difference with baseline will decrease by the end of 2021 	<ul style="list-style-type: none"> Long-term (5+ years) Gap with baseline will narrow, but never converge

Source: Business Sweden analysis, Oxford Economics **Note:** Baseline corresponds to forecast as per September 30th used throughout the Global Executive Brief

The balance of risk factors tilts global economic recovery scenarios to the downside and increases the likelihood of lower outcome than baseline forecast

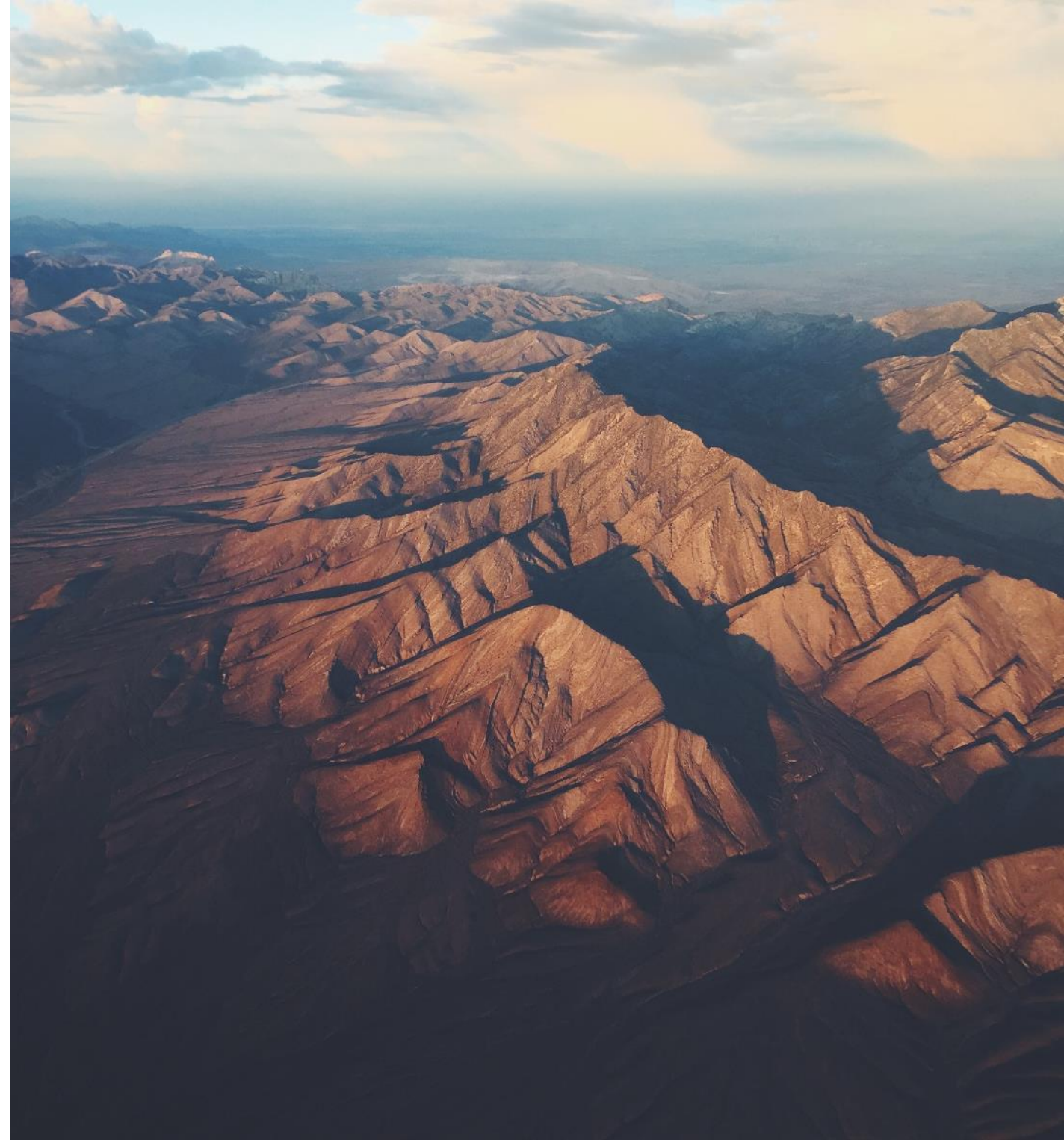
The main risk factors to the GDP forecast 2021



Source: Business Sweden analysis Note: Baseline corresponds to forecast as per September 30th used in this report

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The pandemic is threatening to reimpose new lockdowns in the Americas, only temporary openings in Europe, and international travel restrictions in APAC

Americas

- The region is now going through a second wave and most countries have reverted to a high level of lockdown measures
- The **U.S.** continues to see daily record-breaking number of cases and hospitals are burdened by increased patient load as the spread is now across the country. Congress is getting closer to passing a new stimulus bill, but uncertainty remains if it will pass before the end of the year when previous programs will expire
- **Brazil** is seeing high rates of cases mostly in younger populations who are not adhering as strictly to isolation measures. Brazil is in a similar situation as U.S. with programs set to expire at the end of year, threatening economic recovery
- **Canada** has implemented a 28-day lockdown in Toronto as cases increase. Companies affected by social distancing continue to struggle despite government stimulus efforts of over 187 bn USD

EMEA

- A second wave is in full motion in Europe. Strict national and regional lockdowns in **France, Austria, Italy, the Netherlands, Poland, Spain, Sweden, Norway, and Denmark**
- Year-end holiday spending is keeping retail mostly open (with some restrictions), whereas schools and travel have been more restricted to keep contagion limited
- **European countries** are focusing their efforts to protect hard hit sectors such as culture, tourism, restaurants and sports
- The **EU Recovery and Resilience Facility** is keeping countries busy with outlining plans to be implemented starting in H2 2021
- In the **Middle East and Africa**, countries are easing restrictions and opening up as cases decline in the region. Several Middle Eastern countries are early movers in terms of granting vaccine approvals

APAC

- Newly signed Regional Comprehensive Economic Partnership (RCEP) is the world's largest free trade pact, covering **China, ASEAN, Japan, Korea, Australia and New Zealand**. It is expected to support the post-COVID-19 economic growth and intra-regional trade and investments
- **Australia** shows quarterly economic growth and increased optimism as domestic borders re-open
- Restrictions have escalated in **South Korea** and **Hong Kong** that are facing new waves of COVID-19 cases, causing the planned Singapore-Hong Kong travel bubble to be postponed and revised in January
- Overall, the **APAC** markets are generally showing a consistent trend in economic recovery and lockdown state, with international borders remaining fully or partially closed







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All countries in the Americas region are now under a moderate lockdown level with most restrictions on social interactions such as public gatherings


Restrictions per category and date of lift or next phase

	TRAVEL RESTRICTIONS				RESTRICTIONS ON SOCIAL INTERACTIONS			BUSINESS OPERATIONS STATUS		
	Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
 Brazil	Open	Partial	Partial	No	Yes	Partial	Partial	Reduced	Open	Reduced
 Canada	Partial	Closed	Yes	Yes 21 January	Yes	Partial	Open	Reduced	Open	Reduced
 Chile	Partial	Open	No	Partial	Partial	Partial	Partial	Reduced	Open	Reduced
 Colombia	Open	Partial	No	No	Partial	Partial	Partial	Open	Open	Open
 Mexico	Open	Open	No	No	Partial	Partial	Closed	Reduced	Open	Open
 U.S.	Open	Partial	Yes	No	Partial	Partial	Partial	Reduced	Open	Reduced

Lockdown states:  Very high  High  Medium  Low  Normal

Restrictions:  Open/No No restrictions, or functions operating largely as normally

 Partial/Reduced Partial restrictions, or functions operating with reduced capacity

 Closed/Yes Severe restrictions, or functions operating with limited capacity








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The second wave is in full motion in Europe and countries are responding with tougher measures on gatherings and travel to handle upcoming winter holidays


Restrictions per category and date of lift or next phase

	TRAVEL RESTRICTIONS				RESTRICTIONS ON SOCIAL INTERACTIONS			BUSINESS OPERATIONS STATUS		
	Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
 Austria	Open	Partial	Partial	Partial	Yes	Yes	Partial	Open	Open	Open
		6 January	6 January	6 January	6 January	6 January	6 January			
 Czech Republic	Open	Partial	Partial	Partial	Yes	Yes	Partial	Reduced	Open	Open
					23 December	23 December	23 December	23 December		
 Denmark	Partial	Partial	Partial	Partial	Yes	Partial	Partial	Reduced	Open	Open
	3 January	3 January	3 January	3 January	3 January	3 January	3 January	3 January		
 Finland	Open	Partial	Partial	Partial	Partial	Yes	Partial	Reduced	Open	Open
								15 December		
 France	Closed	Partial	Partial	Partial	Yes	Yes	Open	Open	Open	Open
	15 December									
 Germany	Partial	Partial	Partial	Yes	Partial	Partial	Open	Open	Open	Open
 Italy	Partial	Partial	Partial	Partial	Partial	Partial	Partial	Reduced	Open	Open
	15 January	15 January	15 January	15 January	15 January	15 January	7 January	15 January		

Lockdown states:  Very high  High  Medium  Low  Normal

Restrictions:  Open/No No restrictions, or functions operating largely as normally

 Partial/Reduced Partial restrictions, or functions operating with reduced capacity

 Closed/Yes Severe restrictions, or functions operating with limited capacity

Schools are more commonly doing distance learning and retail is open to some extent in order to not miss out on the annual and crucial holiday spending

Restrictions per category and date of lift or next phase

	TRAVEL RESTRICTIONS				RESTRICTIONS ON SOCIAL INTERACTIONS			BUSINESS OPERATIONS STATUS		
	Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
● Netherlands	Open	Partial	Partial	Partial	Partial	Partial	Open	Reduced	Open	Open
● Norway	Partial	Partial 15 January	Partial	Partial	Partial	Yes	Open	Open	Open	Open
● Poland	Open	Partial	Partial	Partial	Yes	Partial	Closed 3 January	Reduced	Open	Open
● Russia	Open	Partial	Partial	Partial	Partial	Partial 15 January	Partial 15 January	Open	Open	Open
● <u>Spain</u>	Partial	Partial	Partial	No	Partial	Partial	Open	Open	Open	Open
● <u>Sweden</u>	Open	Partial 31 January	Partial 22 December	No	Partial	Partial	Open	Open	Open	Open
● <u>UK</u>	Open	Partial	Partial	Partial	Partial 16 December	Partial 16 December	Open	Reduced 16 December	Open	Open

Lockdown states: ● Very high ● High ● Medium ● Low ● Normal







Restrictions: Open/No No restrictions, or functions operating largely as normally

Partial/Reduced Partial restrictions, or functions operating with reduced capacity

Closed/Yes Severe restrictions, or functions operating with limited capacity

Countries in the Middle East and Africa have less restrictions than Europe, and continued opening of borders expected as vaccines start to receive approvals

Restrictions per category and date of lift or next phase

	TRAVEL RESTRICTIONS				RESTRICTIONS ON SOCIAL INTERACTIONS			BUSINESS OPERATIONS STATUS		
	Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
 Kenya	Open	Open	No	Partial	Partial	Partial	Partial 4 January	Open	Open	Open
 Morocco	Partial	Partial	Partial	No	Partial	Partial	Open	Reduced	Open	Reduced
 Saudi Arabia	Open	Partial Early 2021	Partial Early 2021	Yes	Partial	No	Closed January 2021	Reduced	Open	Reduced
 South Africa	Open	Partial	Partial	Partial	Partial	Partial	Open	Open	Open	Open
 Turkey	Open	Open	No	No	Partial	Partial	Partial	Reduced	Open	Open
 UAE	Partial	Open	Partial	Partial	Partial	Partial	Open	Reduced	Open	Reduced

Lockdown states:  Very high  High  Medium  Low  Normal

Restrictions:

 Open/No

No restrictions, or functions operating largely as normally

 Partial/Reduced

Partial restrictions, or functions operating with reduced capacity

 Closed/Yes

Severe restrictions, or functions operating with limited capacity








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APAC's lockdown restrictions remain largely unchanged, apart from Hong Kong and Korea facing resurgence in cases and Australia opening interstate borders


Restrictions per category and date of lift or next phase

	TRAVEL RESTRICTIONS				RESTRICTIONS ON SOCIAL INTERACTIONS			BUSINESS OPERATIONS STATUS		
	Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
 Australia	Open	Closed	Yes	Yes	Partial	Partial	Partial	Reduced	Reduced	Reduced
		Mid 2021	Mid 2021							
 China	Open	Partial	Yes	Yes	No	No	Open	Open	Open	Reduced
 Hong Kong	Open	Partial	Yes	Yes	Yes	Yes	Closed	Reduced	Open	Reduced
				31 December						
 India	Open	Partial	Partial	Yes	Partial	No	Open	Open	Open	Open
		31 December	31 December	31 December	31 December					
 Japan	Open	Partial	Partial	Yes	Partial	Partial	Partial	Open	Open	Open
 South Korea	Open	Partial	Partial	Yes	Partial	Partial	Partial	Reduced	Open	Reduced
					31 December	31 December	31 December	31 December		
 Taiwan	Open	Partial	Partial	Yes	No	No	Open	Open	Open	Reduced

Lockdown states:  Very high  High  Medium  Low  Normal

Restrictions:  Open/No No restrictions, or functions operating largely as normally

 Partial/Reduced Partial restrictions, or functions operating with reduced capacity

 Closed/Yes Severe restrictions, or functions operating with limited capacity

Thailand and Vietnam continue in stable societal functionality, while Indonesia, Philippines and Malaysia struggle with restrictions

Restrictions per category and date of lift or next phase

	TRAVEL RESTRICTIONS				RESTRICTIONS ON SOCIAL INTERACTIONS			BUSINESS OPERATIONS STATUS		
	Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Indonesia	Open	Partial	Partial	Yes	Partial	Partial	Closed January	Reduced	Reduced	Reduced
Malaysia	Open	Partial	Partial	Yes	Partial	Partial	Closed Q1 2021	Reduced	Open	Open
Philippines	Open	Partial	Partial	Yes	Partial	No	Partial	Reduced	Open	Open
Singapore	Open	Partial	Partial	Yes	Partial	Partial	Partial	Open	Reduced	Reduced
Thailand	Open	Closed	Partial	Yes	No	No	Open	Open	Reduced	Open
Vietnam	Open	Closed	Partial	Yes	Partial	No	Partial	Open	Open	Reduced

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A second wave of transmission hits Brazil just as industry and commerce start to regain pre-COVID-19 activity levels

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RECOVERY OVERVIEW

**GDP forecast
(full year 2020)* &
Trade development
(YTD)***

-4.6%

-6.4%

-12.9%

-15.8%

10.0%

GDP 2020

Global Exports

Global Imports

Exports to Sweden

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 12.0% of GDP**
- **Extended period of tax deferral** for SMEs, bank loans and taxes applicable to medical and emergency related products
- **Corporate credit package of 60 bn USD** from public banks with focus on working capital, plus advantageous credit lines for SMEs
- **60 bn USD in deposits** to low-income population and temporary workers, in monthly installments through the end of 2020
- **New infrastructure investments program** worth 56 bn USD, focused on public-private partnerships, details to be announced

EFFECTS ON BUSINESS OPERATIONS

Current state

Brazil faces a second wave of COVID-19 transmission mainly within the younger population, who is abandoning social isolation. São Paulo plans to start vaccinating risk groups in January 2021, while the federal governments will only start a nationwide plan by March. Brazil’s GDP grew 7.7% in Q3, but the year aggregate still marks a significant decline (-4.6%). Industrial production and commerce are back to pre-COVID-19 levels, while the services sector and general employment lag behind.

The road to recovery

The end of the emergency cash transfers to low-income populations in December threaten the economic recovery in Brazil as COVID-19 drags into 2021 and new restriction measures are being imposed. The federal government bets on its plan of a wide tax reform, regulatory updates (e.g. natural gas supply, sanitation) and more than 150 PPP* projects to attract new investments. However, the voting on institutional reforms in Congress are left to next year.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Partial	No	Yes	Partial	Partial	Reduced	Open	Reduced
Operating with low capacity	Operating with low capacity	Allowed with restrictions	Quarantine is recommended	Restricted in most regions	Voluntary adoption	Varies between regions	Restricted in most regions	Post-pandemic levels	Reduced air cargo traffic

Source: Business Sweden analysis, OECD, SCB, IMF, Agility Logistics, IATA, Brazilian Ministry of Economy, Brazilian Ministry of Health, Sao Paulo State Gov, Folha, Jornal Estado SP, Valor
*Note: GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until November; YTD data for exports/imports to Sweden until August. * PPP: Public-Private Partnership.

The Canadian government has spent an average of 740 mn USD a day in 2020 fighting COVID-19 through over 100 initiatives

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)** &
Trade development
(YTD)*

-5.1%

-15.8%

-14.3%

6.2%

-10.8%

GDP 2020

Global Exports

Global Imports

Exports to Sweden

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 16.4% of GDP**
- **Government has issued interest free loans** for up to 30,000 USD to small businesses. Program extended to summer 2021
- **Canada Emergency Wage Subsidy** is a 75% wage subsidy program that enables Canadian employers to cover part employee wages. Program is extended until summer 2021
- **Central Bank interest rate lowered by 150 bps to 0.25%**

EFFECTS ON BUSINESS OPERATIONS

Current state

As cases continue to increase across the country, stricter measures are implemented such as a 28-day lockdown period in Toronto where all but essential businesses are closed, slowing down economic recovery even further. The industries most affected by physical distancing requirements are greatly struggling despite government support. The arts and recreation economy is about half its pre-COVID size and the output of accommodation and restaurant services is currently at 28.2% below pre-pandemic levels.

The road to recovery

Despite the extraordinary fiscal stimulus deployed in 2020, which amounts to 187 bn USD, the net-debt-to-GDP ratio of Canadian governments will be the lowest in the G7. Canada’s growth could average around 1.4% per year over the 2020-2025 period, compared to about 1.8% before the crisis. The government is currently developing a plan to help Canada by preparing to invest up to 78 bn USD over the next three fiscal years – valued at 3 to 4% of GDP which will be deployed at a time when COVID-19 is under control.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Partial	Closed	Yes	Yes	Yes	Partial	Open	Reduced	Open	Reduced
			21 January						
Provincial restrictions	Strongly not recommended	Closed to non-essential visitors	14 days	Regional differences	Strongly encouraged	In person and online learning	Regional differences		Capacity constraints

Source: Business Sweden analysis, OECD, Conference Board of Canada, Government of Canada, Ontario.ca, Provincial Governments, CTW News, Statistics Canada, Globe & Mail
**** Note:** GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until September; data for exports/imports to Sweden until September. **Note:** Select restrictions apply to Toronto region and Region of Peel currently in a 29-day lockdown

The U.S. COVID-19 case surge breaks records while Congress gets closer to passing an additional stimulus package worth 908 bn USD

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-3.7%

-24.8%

-10.4%

4.4%

1.9%

GDP 2020

Global Exports

Global Imports

Exports to Sweden

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 14.1% of GDP**
- Congress aims to finalize the details of a **narrow, short-term aid package** worth 908 bn USD, which includes more money for small businesses, unemployment and virus testing and vaccine distribution
- **A one-time payment** of 1,200 USD was sent out to individuals making less than 75,000 USD per year or a household with income less than 112,500 USD per year
- **The U.S. Federal Reserve lowered the federal funds rate** by 150bp in March to 0-0.25bp

EFFECTS ON BUSINESS OPERATIONS

Current state

The U.S. continues to set records for daily new COVID-19 cases which surpassed 200,000 in a single day last week. Hospitals across the nation are beginning to suffer under their patient load, resulting in new restrictions. Most of California is observing a new stay-at-home order shuttering most non-essential businesses and reducing retail capacity to 20%. Experts say there are no longer hotspots, as COVID-19 is now widespread across all 50 states. The winter holiday season is expected to increase cases and subsequent restrictions.

The road to recovery

The U.S. unemployment rate fell 0.2% to 6.7% in November but signals insufficient jobs are being added as many have stopped looking for work altogether, particularly women who have had to fill childcare roles. Congress aims to finalize a 908 bn USD COVID-19 aid package that includes additional funds for small businesses, additional federal unemployment benefits as well as money for testing, vaccine distribution and schools. Many stimulus programs and funds have already expired or will expire at the end of December.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Yes	No	Partial	Partial	Partial	Reduced	Open	Reduced
Operating with capacity limits	Limited flights	Ban includes EU and Sweden	Recommended 14 days	Limited gatherings	Recommended, capacity limits	States vary, partially open	Reduced capacity		Capacity reduced 30-40%

Source: Business Sweden analysis, OECD, SCB, IMF, US Small Business Association, California Office of Governor, US Department of Treasury, US Bureau of Labor Statistics, AP, US White House, New York State Office of Governor, Illinois Office of Governor
*Note: GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until October; YTD data for exports/imports to Sweden until September.

Agenda

- Executive summary
- Monthly feature
- Current global situation
- Regional overview
- Country reports
 - Americas
 - **EMEA**
 - APAC
- How we can help



As the COVID-19 infection rate decreases, France initiates gradual lifting of restrictions, with ending of lockdown on December 15th

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-10.1%

GDP 2020

-17.0%

Global Exports

-14.1%

Global Imports

-13.2%

Exports to Sweden

-9.0%

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 15.8% of GDP**
- **343 bn USD** of State-guaranteed treasury loans. Granted to companies of all sizes and legal forms and can be amortized over a period of 5 years. Deadline to send in request is June 30th 2021
- **Recovery plan “France Relance” of 110 bn USD:** 48 bn USD for increasing competitiveness through innovation and digitalization, 42 bn USD for decarbonization and green transition of the economy
- To support the French economy during the second lockdown, the government will invest **18 bn USD** for each month of lockdown

EFFECTS ON BUSINESS OPERATIONS

Current state

Manufacturing sites, the public sector and schools have remained open during the month of November, with the exception of universities. All “non-necessary” retail activities have recently reopened after a month of closure. Working from home policies should however still be implemented when possible. The current lockdown will be lifted on December 15th. Some restrictions, such as nighttime curfew, will however remain until January 20th.

The road to recovery

A 110 bn USD package was launched after the summer to promote the recovery of French economic activity and industrial production. The stimulus package focuses on green transition and building competitiveness in the production sector. An additional recovery package for the current lockdown is also in place and serves to support SMEs in the most exposed sectors, such as tourism and retail. It includes, amongst others, 7.3 bn USD added to the SME solidarity fund and 2.2 bn USD to cover social charges and fixed rental costs.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Closed	Partial	Partial	Partial	Yes	Yes	Open	Open	Open	Open
15 December									
Only strictly necessary trips	Only partially open to non-EU	For most non-EU countries**	For non-EU countries	No public gatherings	Manufacturing and retail open	Online for universities	Social distance; hygienic rules	Social distance; hygienic rules	Some delays and shortages

Source: Business Sweden analysis; SCB, IMF; OECD; French Ministry of Economic and financial affairs; French Ministry of Foreign affairs ***Note:** GDP projections updated September 2020, further revisions are expected. YTD data until September. ****Borders** are open to Andorra, Iceland, Liechtenstein, Monaco, Norway, Switzerland, San Marino, the Vatican City State, the UK, Australia, South Korea, Japan, New Zealand, Rwanda, Thailand and Singapore.

As infections continue to rise, Germany has extended restrictions until Christmas, but exceptions will occur during the holidays

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-5.8%

-9.9%

-9.3%

-8.0%

-8.5%

GDP 2020

Global
Exports

Global
Imports

Exports to
Sweden

Imports
from
Sweden

Key components in
recovery package

- **Total fiscal measures amount to 20.3% of GDP**
- **150 bn USD economic stimulus package** of which **56 bn USD dedicated to areas crucial for future growth and sustainability** e.g., sustainable mobility, energy transition, AI, pandemic protection, education & research
- **Increased investments in the "Digitalpakt Schule"** to 8 bn USD to further promote the digitalization of the education sector
- **Temporary VAT reduction** from 19% to 16% between July 1st to December 31st, 2020

EFFECTS ON BUSINESS OPERATIONS

Current state

Due to increasing COVID-19 infections, societal functions are restricted, and Germany re-entered a partial lock down on November 2nd which was extended until January 10th. Large public events are forbidden, and meetings are only permitted with your own and one other household (max. 5 people, varies by federal state). Exceptions are in place to allow for celebration of the holidays in smaller gatherings. After a strong economic recovery in Q3, GDP growth in Q4 is expected to stagnate.

The road to recovery

The government has passed a stimulus package that aims to safeguard jobs and pave the way for an environmentally sustainable future while heavily investing in digital work processes and future technologies in the public and private sectors. The bridging aid available to SMEs and self-employed individuals has been extended to June 30th 2021, and the furlough scheme to the end of 2021. Swedish companies can find opportunities in the development of sustainable and digital solutions.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Partial	Partial	Partial	Yes	Partial	Partial	Open	Open	Open	Open
Only necessary travel allowed	Subject to risk-country status	Subject to risk-country status	Exceptions apply**	2 households. Max 5 pax	Recommended, not required		Capacity limit & masks	Social distance; hygienic rules	Social distance; hygienic rules

Source: Business Sweden analysis, OECD, UN Comtrade, SCB, Federal Statistical Office, Agentur für Arbeit, Robert Koch Institut, The Federal Government, Federal Ministry of Finance ***Note:** GDP projections updated September 2020, further revisions are expected. YTD data until September.
****** Persons who have spent time in a risk area within 14 days prior to entry, may be subject to quarantine under the specific quarantine ordinances issued by the federal state, more info [here](#)

Italy introduces stricter measures for international travelers and imposes an inter-regional travel ban over the Christmas holidays

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-9.7%

-13.6%

-15.2%

-8.0%

-9.2%

GDP 2020

Global
Exports

Global
Imports

Exports to
Sweden

Imports
from
Sweden

Key components in
recovery package

- **Total fiscal measures amount to 13.0% of GDP**
- **EU recovery fund** will provide Italy with 245 bn USD (of which 150 bn is in loans and the rest in grants)
- 1.9 bn USD fund to provide **fee-free guarantee for SME loans**
- State guarantee for up to **11 bn USD in new loans for medium-large firms**
- **Temporary layoff scheme** extended until January 31st, 2021 (1.9 bn USD intervention)

EFFECTS ON BUSINESS OPERATIONS

Current state

The regionally based three-tier system of restrictions applied nationally remains in place; majority of regions are now classified as yellow or orange zones. The measures focus on reducing social interactions, while allowing economic activity to remain open as far as possible. Elementary schools are open, while secondary schools will open from January 7th, 2021. Additional restrictions have been implemented between December 21st and January 6th, to reduce the domestic travel between regions and municipalities over the holidays.

The road to recovery

A support package increasing budget deficit by 9.7 bn USD targets the sectors hit hardest by new restrictions such as restaurants, tourism and sports. The government’s adjusted budget for 2021-2023 includes fiscal support for households and firms in 2021 and increased public investment using the EU Recovery funds. Latest draft of National Recovery Plan outlines six macro areas; green 90 bn USD; digitalization 59 bn USD; infrastructure 34 bn USD; education 23 bn USD; gender equality 21 bn USD; healthcare 11 bn USD.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Partial	Partial	Partial	Partial	Partial	Partial	Partial	Reduced	Open	Open
15 January	15 January	15 January	15 January	15 January	15 January	7 January	15 January		
Regional restrictions	Restrictions for entry**	Some non-EU countries	Depending on circumstances**	Regional differences	Highly recommended	Elementary schools open	Regional differences	Social distance, hygienic rules	Potential delays

Source: Business Sweden analysis, OECD, SCB, Confindustria, Italian Government, Ministry of Economic Development, Ministry of Health, Confindustria, ISTAT ***Note:** GDP projections updated September 2020, further revisions are expected. YTD data until September. ****Mandatory quarantine** for all non-EU countries and travelers from European countries traveling for tourism. Travelers from European countries must show a negative molecular or antigenic swab not older than 48h

BUSINESS SWEDEN

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EU asks Spain to address structural reforms in order to have access to all funds from the Recovery and Resilience Facility

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-11.6%

GDP 2020

-13.5%

Global
Exports

-17.7%

Global
Imports

12.3%

Exports to
Sweden

-16.1%

Imports
from
Sweden

Key components in
recovery package

- **Total fiscal measures amount to 10.7% of GDP**
- **29 bn USD** in EU grants from recovery funds towards **Green transition** and **25 bn USD** towards **Digital transformation**
- **Additional credit guarantee programs of 47 bn USD** have been announced to companies, SMEs and self-employed
- **Temporary layoff (ERTE) benefits** and support for independent contractors have been extended until January 31st, 2021
- **Industry specific subsidies:** 4.8 bn USD to the tourism sector and 3.8 bn USD to the automotive sector

EFFECTS ON BUSINESS OPERATIONS

Current state

A national state of emergency is still in place with night curfews (regional differences). Mandatory usage of masks in all public spaces and capacity limitations on dining remain in place throughout the country. The requirement of a negative PCR test for travelers from high-risk countries (most of Europe at this moment) is expected to hurt the Spanish tourism sector significantly, as the income from winter holidays is at risk. Discussions are being held between the government and industry on potential adjustments to the restrictions.

The road to recovery

The Spanish government has announced its plan for the vaccination of the public through 13,000 vaccination points throughout the country. Vaccination is expected to start in January. Discussions are being held between EU and Spain on the issue of structural changes. EU has identified three areas which the government has to address to release all the recovery funds; guaranteeing sustainability of pension systems, new rules to reduce temporary contracts, and drafting a law that will unify job markets and avoid the fragmentation of regional regulations.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Partial	Partial	Partial	No	Partial	Partial	Open	Open	Open	Open
Regional restrictions	Tickets limited	Negative PCR-test required**		Regional differences	Highly recommended	Masks from age 6 mandatory	Hygiene rules & capacity limits	Hygiene rules apply	Delays may occur


Source: Business Sweden analysis, OECD, SCB, IMF, IATA, Spanish Government, El Pais, Cinco Dias, Reuters, Bank of Spain
*Note: GDP projections updated September 2020, further revisions are expected. YTD data until September.. **Applies to travelers from high-risk countries. Test to be taken no earlier than 72h before departure

BUSINESS SWEDEN

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Swedish economy showing signs of stabilization and strong currency, despite current increase in COVID-19 cases

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-4.0%

-6.2%

-9.1%

GDP 2020

Global Exports

Global Imports

Key components in
recovery package

- Total fiscal measures amount to **20.9% of GDP**
- **Tax deferral program, reduced employer fees and job retention schemes implemented** for affected companies
- 4 bn USD support package to businesses that have **lost more than 30% of sales**
- **Credit packages of 50 bn USD**, including a 70% state loan guarantee and an increased loan limit for exporting companies

EFFECTS ON BUSINESS OPERATIONS

Current state

COVID-19 cases, patients in intensive care and related deaths continue to rise. The Public Health Agency has imposed stricter national restrictions. GDP grew by 4.9% in Q3 compared to Q2 but shrunk 2.5% compared to Q3 2019. 450,000 people are unemployed, approximately 100,000 more than before COVID-19. Retail has been less affected than expected; sales grew by 3.6% in October y-o-y. E-commerce grew by 39% in Q3 and online Christmas shopping expected to grow 26% compared to 2019.

The road to recovery

Sweden’s economy predicted to shrink by 4.0% in 2020, but to grow by 3.3% in 2021. The government has introduced new measures in the 2021 budget bill such as reductions in employer social security contributions and income taxes to stimulate the economy. The Swedish Krona has grown stronger during 2020 which could lead to more expansive fiscal measures from the Central Bank. A struggling international market and stronger Krona could also dampen Swedish exports, a threat to recovery given the large share of exports of GDP.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Partial	No	Partial	Partial	Open	Open	Open	Open
	31 January	22 December							
	Avoid non-essential travel	Entry ban outside EU/EEA		<8 at public events	Encouraged if possible	Online for Secondary School			

Source: Business Sweden analysis, OECD, SCB, National Institute of Economic Research, SILF, E-Barometern, regeringen.se
*Note: GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until September; YTD data for exports/imports to Sweden until September.

The UK returns to a three-tier system with regional restrictions and the licensed vaccine expects to spark the economic recovery

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-9.7%

GDP 2020

-16.9%

Global Exports

-14.2%

Global Imports

-15.1%

Exports to Sweden

-18.1%

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 9.0% of GDP**
- **430 bn USD** for loan guarantee programs: Business Interruption Loan, Large Business Interruption, and Bounce Back Loan Schemes
- **70 bn USD** in Coronavirus Job Retention Scheme and **20 bn USD** in Self-employed Income Support Scheme
- **20 bn USD** in Small Business Grant Scheme
- **65 bn USD** for VAT and Income Tax Self-Assessment deferrals
- **15 bn USD** in business rates holiday for retail, hospitality, leisure

EFFECTS ON BUSINESS OPERATIONS

Current state

On December 2nd, the UK went from full lockdown to a three-tier system with lighter restrictions and a special provision for the Christmas holiday period, when relaxed restrictions will allow three households to form a "Christmas bubble". The tier system still imposes strict measures with most areas of England in tier 2 or 3, hence people are still not allowed to be in groups of more than 6 neither indoors nor outdoors. Until February 2nd, the UK government will review the allocation of tiers for each area every 14 days.

The road to recovery

The UK economy has rebounded strongly on the return of capacity and high levels of policy support. However, in a comparative analysis, OECD forecasts UK GDP in Q4 2021 to be -6.4% compared to Q4 2019 (used as a point of reference as a pre-COVID-19 GDP level). This is based on the critical assumption that the UK concludes a trade deal with the EU. The UK became the first to approve the Pfizer vaccine* for emergency use on December 2nd, and if rolled out efficiently this could catalyze an economic recovery and improve the economic outlook.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail Business	Manufacturing	Logistics
Open	Partial	Partial	Partial	Partial	Partial	Open	Reduced	Open	Open
				16 December	16 December		16 December		
	Only travel for work	Operating as usual	14 days at specified facility	Different rules if inside or outside	If you can, work from home		Retail reopened with constraints		

Source: Business Sweden analysis, OECD, UN Comtrade, SCB, Bank of England, UK Government; briefingsforbritain, HM Revenue & Customs *Care home residents and workers will be prioritized, followed by healthcare workers and people over 80. YTD data until September

Saudi Arabia’s non-oil economy grew in November with output at 10-month high – borders will remain closed until early 2021

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RECOVERY OVERVIEW

**GDP forecast
(full year 2020)* &
Trade development
(YTD)***

-6.1%

-35.5%

3.6%

-17.8%

15.4%

GDP 2020

Global Exports

Global Imports

Exports to Sweden

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 7.3% of GDP**
- **58.3 bn USD of credit and loan packages**, for SMEs mainly
- **Postponing and restructuring loan payments** for factories and medical projects due in 2020
- **Increased VAT** (5% to 15%) and increased **customs tariffs**
- **Government paid 60% of Saudi nationals’ salaries** in private sector. This amounted to 933 mn USD for 3 months
- **Minimum wage raise of 33%** for Saudi Arabian citizens

EFFECTS ON BUSINESS OPERATIONS

Current state

Domestic travel fully open, but international travel will remain closed past January 1st except for existing visa holders, despite previous communication. However, Business Sweden has been informed that some business visas have been issued upon invitation. Schooling is entirely virtual until January 2021. Spending to decline by 7.5% in 2021. Saudi Arabia’s non-oil economy accelerated in November, with output at 10-month high. The G20 summit, hosted by Saudi Arabia, was held virtually on November 21-22, 2020 due to COVID-19.

The road to recovery

GDP expected to contract by 5.4% in 2020 and return to growth in 2021 (+3.1%). VAT has been tripled and customs tariffs increased, posing challenges for Swedish companies. Mega projects will continue, but priority will be on certain projects (e.g., NEOM). Saudi Arabia has approved the Pfizer BioNTech vaccine. Saudi Pharmaceutical Industries & Medical Appliances Corporation (Spimaco) has also signed a non-binding agreement with the German CureVac to supply and distribute their COVID-19 vaccine in the country.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Partial	Yes	Partial	No	Closed	Reduced	Open	Reduced
	Early 2021	Early 2021				January 2021			
	Open to existing visa holders	Open to existing visa holders	7 or 2 days with negative PCR	Maximum 50 people		Until end of first semester	Operating with limitations		Lack of manpower

Source: Business Sweden analysis, OECD, SCB, WHO, Financial Times, Reuters, Gulf News, Khaleej Times, DP World, UAE Central Bank, Arab Weekly, Bloomberg, Oxford Economics, EMIR, IMF, Agility
***Note:** GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until August; YTD data exports/imports to Sweden until September.

South Africa is looking to invest 62 bn USD over the next three years in diverse economic recovery projects

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-9.2%

GDP 2020

-9.2%

Global Exports

-25.7%

Global Imports

-23.3%

Exports to Sweden

-27.6%

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 10.0% of GDP**
- **Total 30 bn USD** recovery package financed through credit guarantees, reallocations, and international borrowing
- **276 “Catalyst Projects”** to fuel economic growth targeting an economic growth average of **3%** over the next 10 years
- **Risk Mitigation Independent Power Producer Program** to ensure the security of energy supply during recovery
- **62 bn USD** planned in infrastructure development over the next 3 years

EFFECTS ON BUSINESS OPERATIONS

Current state

Since reopening all sectors under level 1 lockdown, South Africa has seen a slight increase in daily new recorded cases of COVID-19. A curfew remains in place from midnight to 4 AM. Local production and consumption has increased as measures have been lifted and employees are permitted to work under COVID-19 protocols (social distancing, face masks, hand sanitizing etc.). International travel is now permitted from all but 22 countries globally under strict regulations including presenting a negative PCR test no more than 72h old.

The road to recovery

The President has presented an economic reconstruction and recovery plan for South Africa. The plan’s objectives are to create jobs through infrastructure development and mass employment programs, reindustrializing the economy. Overall, the government is planning on unlocking 62 bn USD in investment over the next 3 years. Expected investments will be in energy, water and sanitation, transport infrastructure, housing construction, health and education in addition to digital infrastructure and public transport.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Partial	Partial	Partial	Partial	Open	Open	Open	Open
	Open except for 22 countries	Open except for 22 countries	10-14 days recommended	Not more than 250 individuals	Encouraged where possible				

Source: Business Sweden analysis, OECD, SCB, STATSSA, SARS, South African Reserve Bank
*Note: GDP projections updated September 2020, further revisions are expected. YTD data until September.

UAE outlook remains unchanged as PMI remains at 49.5, global restrictions impact tourism, and stimulus extension is announced

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-8.5%

-17.1%

-8.7%

21.3%

8.3%

GDP 2020

Global Exports

Global Imports

Exports to Sweden

Imports from Sweden

Key components in recovery package

- Total fiscal measures amount to 3.0% of GDP
- UAE to cut spending in federal budget 2021, reduced to 15.8 bn USD from 16.7 bn USD
- New stimulus package in Dubai worth 136 mn USD, including rent reductions and license renewal exemptions
- Recovery packages; Dubai 1.9 bn USD, Abu Dhabi 2.5 bn USD. Dubai to launch 29 infrastructure projects worth 540 mn USD
- Central Bank extends the applicability period of the Targeted Economic Support Scheme until June 30th, 2021

EFFECTS ON BUSINESS OPERATIONS

Current state

Businesses in Dubai and most in Abu Dhabi are open and tourism is allowed, while travel restrictions between Dubai and Abu Dhabi remain in place until further notice. Gathering restrictions only apply to weddings: up to 10 people in Abu Dhabi and up to 200 people in Dubai. Dubai has exempted GCC nationals from pre-flight PCR, and Chinese vaccine Sinopharm was recently approved in the country. The UAE seeks to boost oil production in 2021, creating tensions with OPEC+ related to previously agreed production cuts.

The road to recovery

After positive recovery in recent months, PMI for UAE remains unchanged compared to October and stagnates at 49.5, as job losses mount (expected decline 5.4% in 2020). GDP growth is expected to rebound by 6-8% in 2021-2023. Abu Dhabi is relatively well positioned for recovery. However, Dubai remains dependent on global travel restrictions due to strong reliance on travel and tourism. Key opportunities are in food security, digitalization and healthcare.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Partial	Open	Partial	Partial	Partial	Partial	Open	Reduced	Open	Reduced
Limited travel to Abu Dhabi		12 countries as of 16 November	14 days in Abu Dhabi	Limits on # of people	Lifted in Dubai, not Abu Dhabi		Operating with limitations		Reduced freight capacity

Source: Business Sweden analysis, IMF, UN Comtrade, SCB, WHO, Financial Times, Reuters, Gulf News, Khaleej Times, DP World, UAE Central Bank, Arab Weekly, Bloomberg, Oxford Economics, EMIR, Agility
*Note: GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until August, YTD data for exports/imports to Sweden until September.

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 - **APAC**
- How we can help



Optimism increases in Australia as interstate borders open after weeks without local transmission and economy shows QoQ growth

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-4.3%

-7.3%

-6.2%

-31.4%

-4.2%

GDP 2020

Global Exports

Global Imports

Exports to Sweden

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 16.9% of GDP**
- **JobKeeper** extended to March 2021 to keep Australians in jobs
- Businesses can benefit from **instant asset write-off and investment incentives** (with accelerated depreciation)
- Most severely affected sectors and geographies can also access 0.7 bn USD stimulus package
- The Reserve Bank Australia has announced further lowering of the interest rate to 0.1% (lowered from 0.25%, pre-COVID-19 0.75%)

EFFECTS ON BUSINESS OPERATIONS

Current state

Melbourne and Victoria have overcome the second wave and restrictions are further being eased with over a month without any new cases. Interstate borders have reopened to a large extent in December. The economic recovery has progressed with growth in Q3 compared to Q2. Business indicators are also improving, there are more businesses that reported revenue increase in November than decrease (first time since outbreak). However, the trade tensions with China have intensified across categories leaving future uncertainties.

The road to recovery

The 2020/2021 budget provides additional support to overcome the recession caused by the pandemic with heavy investments in selected key areas:

- 15 key infrastructure projects will be fast-tracked by the PM
- Digitalization and cyber security (1.4 bn USD)
- Domestic manufacturing will be modernized (1.1 bn USD) and additional investments to strengthen supply chain resilience
- A Technology Investment Roadmap has been announced to increase low emission technologies

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Closed	Yes	Yes	Partial	Partial	Partial	Reduced	Reduced	Reduced
	Mid 2021	Mid 2021							
	Only for repatriation	Exception: NZ to NSW, NT, TAS	14 days at specified facility	Differs across states	Recommended		Number of people per square meter		

Source: Business Sweden analysis, OECD, SCB, Australian Government Treasury, ABC News Australia, Australian Bureau of Statistics COVID19
*Note: GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until October, YTD data for exports/imports to Sweden until September.

China’s factory activity expands by hitting highest PMI in over three years, while economy will focus on strong domestic market

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

2.3%

15.0%

8.3%

-6.9%

18.9%

GDP 2020

Global Exports

Global Imports

Exports to Sweden

Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 6.0% of GDP**
- More than 1.4 tn USD in **new infrastructure projects** related to 5G and Industrial Revolution 4.0
- **559 bn USD** in cost cuts in the form of tax exemptions and lower interest rates for companies
- **Import duty exemptions** for medical supplies and for equipment that has been used to battle the pandemic
- Local governments issue **consumption coupons** to boost retail

EFFECTS ON BUSINESS OPERATIONS

Current state

Apart from mainly imported cases, domestic cases occur sporadically, like recently in Chengdu, Sichuan Province. In general, it does not affect normal operations in China. Societal functions back to normal as businesses can operate freely. China’s factories continue to benefit from lockdowns elsewhere in the world, with exports growing for the sixth month in a row. China’s official manufacturing PMI rose to 52.1 in November from 51.4 in October, which was the highest PMI reading since September 2017.

The road to recovery

China recently proposed major social and economic development targets for the 14th Five-Year Plan (2021-2025), to be decided upon in March. China will focus on self-reliance in technology, boosting domestic consumption and pursuing quality growth over speed, and aims to double GDP by 2035. Strategic support policies have been launched to speed up rollout of 5G and other key industries that will reduce costs for SMEs, which is expected to become a competitive advantage for the country.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Yes	Yes	No	No	Open	Open	Open	Reduced
	Bilateral agreements	Only with special permit	14 days at specified facility						Reduced capacity

Source: Business Sweden analysis, OECD, SCB, Chinese State Council, MOFCOM, China Daily, Trivium, World Bank
*Note: GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until October; YTD data for exports/imports to Sweden until September.

India has launched another financial stimulus to boost economic revival and the festive season sustains increase in demand

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-10.0%

GDP 2020

-16.6%

Global Exports

-26.1%

Global Imports

-15.4%

Exports to Sweden

-27.1%

Imports from Sweden

Key components in recovery package

- **Total economic stimulus package of 11.8% of GDP**
- **Reduced and deferred tax provisions** for both corporations and individuals
- **Reduction in repo rate by 115 basis points and reverse repo rate by 155 basis points**
- **20 bn USD production linked incentive**
- **Exemption from customs duty and taxes** for ventilators, face masks and surgical masks, PPE, COVID-19 testing kits

EFFECTS ON BUSINESS OPERATIONS

Current state

Business performance saw a strong recovery with increase in sales across all sectors, triggered by the festive season. Commercial vehicle retail sales rose to 12.7% month-on-month. Manufacturing growth continues to be in the expansion phase with Purchasing Managers' Index of 56.3. The automotive sector achieved 80% of sales compared to last year. Multiple financial institutions and rating agencies expect a much faster recovery now with GDP growing in Q2. It is forecasted that Indian economy will return to positive GDP growth in 2021-22.

The road to recovery

The Government of India announced another financial stimulus of ~35 bn USD to boost economic activity in addition to relaxing restrictions further to support businesses growth. The Government is planning to increase spending to help sustain growing demand. Investments focus on infrastructure, manufacturing, and healthcare. In the long-term, Swedish companies will be able to leverage opportunities in manufacturing, infrastructure, healthcare, telecom, defense, space technology and the rapidly growing digital/ICT industry.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Partial	Yes	Partial	No	Open	Open	Open	Open
	31 December	31 December	31 December	31 December					
	22 travel bubbles exempted	22 travel bubbles exempted	Traveler risk profile based	Depending on location	Recommended	Voluntarily attendance			

Source: Business Sweden analysis, OECD, SCB, Government of India - Ministry of Home Affairs guidelines, IMF, Economic Times
*Note: GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until November; YTD data for exports/imports to Sweden until September.

Japan is on 'maximum alert' and introduces further cautionary measures as third wave brings record high COVID-19 cases

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-5.6%

-13.0%

-12.7%

-28.2%

-9.8%

GDP 2020

Global
Exports

Global
Imports

Exports to
Sweden

Imports
from
Sweden

Key components in
recovery package

- **Total fiscal measures amount to 42.2% of GDP**
- **Tax deferral program implemented** applicable to both affected entities and individuals
- **Extended loan guarantees** are offered through the Japan Federation of Credit Guarantee Corporation (JFG)
- **Customs duty and VAT** are exempted if goods donated free of charge. Prioritized customs clearance for COVID-19 relief goods
- **2021 Budget request** is a flexible budget with parts of it that can be used for measures to fight COVID-19 if next wave hits Japan

EFFECTS ON BUSINESS OPERATIONS

Current state

Japan’s GDP in Q3 2020 increased by 21% compared with Q2. Many companies are still reluctant to make capital investments. The recovery pace is slower than China and the U.S. Another wave of COVID-19 appears to be gathering momentum in Japan, but transmissions occurring in households and workplaces are forcing officials to rethink the way they trace cluster and reinforcing the need for testing. Japanese hospitals in hard hit areas have been forced to suspend care for other diseases as they deal with the new wave.

The road to recovery


The government is going to add ~190 bn USD for a third budget this year to cover digitalization of the industry, green economy and strengthening infrastructures, in addition to countermeasures of COVID-19 infections. As an economy recovery plan, a 20 bn USD fund for developing environmental technology and 100 bn USD for universities are planned. The “Go To Travel” campaign which gives travelers 35% discount will be extended until January to further stimulate tourism and food services.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Partial	Yes	Partial	Partial	Partial	Open	Open	Open
Self-restraints in some areas	Limited business travel**	Tourists not allowed yet	14 days at home or hotel	50% capacity of the facility rule	70% of employees	Disrupted schedules			

Source: Business Sweden analysis, OECD, SCB, METI, Japan Customs, Nikkei Asia, Japan Times ***Note:** GDP projections updated September 2020, further revisions are expected. ****** Business travelers hosted by a company/ entity that can assure observation of quarantine measures and the holders of statuses of residence of “Student”, “Dependent”. YTD data for global exports/imports until October; YTD data for exports/imports to Sweden until September.

Despite the second resurgence of COVID-19, Korea’s economic growth is forecasted to reach pre-crisis levels in 2022

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-1.0%

-7.4%

-8.0%

-19.2%

-4.5%

GDP 2020

Global
Exports

Global
Imports

Exports to
Sweden

Imports
from
Sweden

Key components in
recovery package

- **Total fiscal measures amount to 5.8% of GDP**
- Over 60 bn USD in **Green New Deal package** related to energy-efficient smart grids, renewable energy sources and clean vehicles
- **Tax deferral program implemented** (e.g., VAT, Income and Corporate Tax) applicable to both affected entities and individuals
- **Credit guarantee program as a part of financial stabilization package** including deferrals of repayment and emergency lending mainly for SMEs
- **2021 state budget** confirmed with amount of **160 bn USD** focusing on economic recovery and job creation under the New Deal

EFFECTS ON BUSINESS OPERATIONS

Current state

South Korea has tightened the distancing scheme for Greater Seoul to the second-highest level and other regions to mid-level to stem a resurgence of COVID-19, applied from December 8th. Despite the increasing cases of infections, Korea's economy had the smallest decline in 2020 due to the effective quarantine measures and expansionary fiscal policies. OECD predicts South Korea's economic growth will reach pre-crisis level in 2022 thanks to the government's initiatives.

The road to recovery

In addition to the stimulus packages, the government allocated additional 11 bn USD on 10 key projects under Digital/Green New Deal projects in 2021. The focus area is a shift to renewable sources within energy production, future mobility and its battery solutions. Local municipalities and industry players (e.g., Hyundai Motors, Naver) are looking for partner companies to partake in sub-projects. Swedish companies can leverage opportunities in infrastructure, manufacturing and digital/ICT industries.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Partial	Yes	Partial	Partial	Partial	Reduced	Open	Reduced
				31 December	31 December	31 December	31 December		
	Only allowed to enter 5am-8pm	Per bilateral agreements	14 days at specified facility	Gathering max 50 people	More than 1/3 employees WFH	Limiting in-person classes	All stores close by 9pm		Due to low exports

Source: Business Sweden analysis, OECD, SCB, IATA, MOTIE, MOEF, IMF, National Assembly Budget Office *Note: GDP projections updated September 2020, further downward revisions are expected. YTD data for global exports/imports until November; YTD data for exports/imports to Sweden until September.

Singapore is expected to return to growth in 2021 amid further easing of global travel restrictions and domestic health measures

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RECOVERY OVERVIEW

GDP forecast
(full year 2020)* &
Trade development
(YTD)*

-6.0%	-9.7%	-9.5%	15.1%	-6.5%
GDP 2020	Global Exports	Global Imports	Exports to Sweden	Imports from Sweden

Key components in recovery package

- **Total fiscal measures amount to 19.9% of GDP**
- **Tax deferral program up to 3 months implemented** (CIT) applicable to all businesses
- **Central bank interest rate reduced from 0.83% to 0.37%**
- **Rental relief for SMEs** operating in qualifying non-residential properties
- **Support for corporate transformation** with Enterprise Development Grant: for companies with projects that upgrade the business, innovate or venture overseas

EFFECTS ON BUSINESS OPERATIONS

Current state

Singapore’s COVID-19 cases have been at an all-time low, with zero local cases for two weeks last month. Yet, a transition to phase 3 is likely to be delayed until next year. A major stumbling block is the insufficient adoption of the TraceTogether app, which helps facilitate more effective contact tracing. Furthermore, the planned travel bubble with Hong Kong has been put off until next year, amid a new wave of cases in Hong Kong.

The road to recovery

The Ministry for Trade and Industry noted in a recent press release that Singapore is projected to return to growth in 2021. Though uncertainties remain, notwithstanding positive news on vaccine development, the country will benefit from improved growth outlooks for key external economies. However, the recovery will be gradual and depend to a large extent on how the global economy performs and whether Singapore manages to keep the domestic COVID-19 situation under control.

LOCKDOWN MEASURES AND CURRENT STATUS									
Travel restrictions				Restrictions on social interactions			Business operations status		
Domestic	International	Foreigner entry ban	Mandatory quarantine	Public gathering	Work from home	Education	Retail business	Manufacturing	Logistics
Open	Partial	Partial	Yes	Partial	Partial	Partial	Open	Reduced	Reduced
	Exceptions apply	Subject to approval	14 days at specified facility	5 people rule in public spaces	50% capacity rule	Mix of home & in-school class		Limited capacity	Limited capacity

Source: Business Sweden analysis, UN Comtrade, SCB, Monetary Authority of Singapore, IMF
***Note:** GDP projections updated September 2020, further revisions are expected. YTD data for global exports/imports until October; YTD data for exports/imports to Sweden until September.

Agenda

- Executive summary
- Monthly feature
- Current global situation
- Regional overview
- Country reports
- **How we can help**



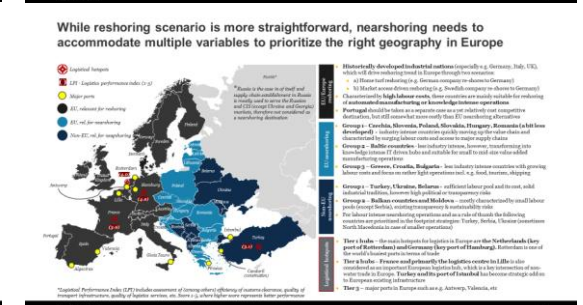
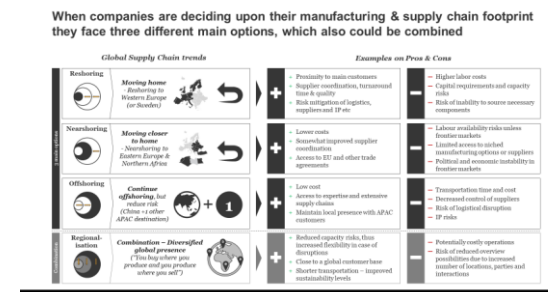
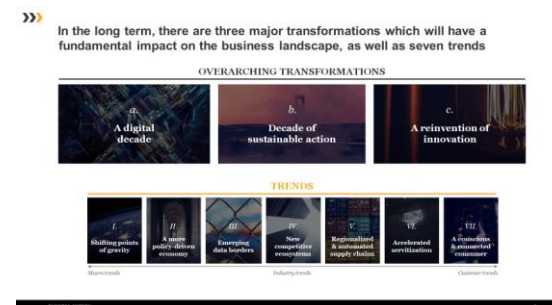
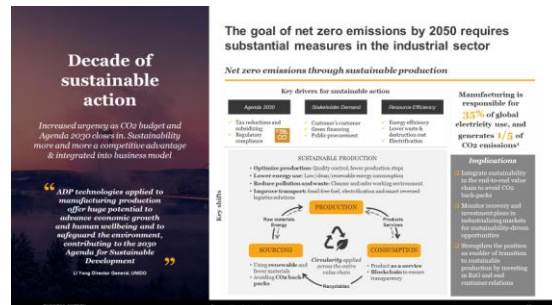
Business Sweden can support your company to monitor transformational changes, build resilient organizations and position for future growth

UNDERSTAND THE NEW BUSINESS LANDSCAPE

- Business Sweden has performed a global study to identify key trends and transformations which will define the business landscape during the next decade
- The purpose is to help Swedish companies understand how the world is transforming over the coming 10 years and at an early stage recognize opportunities, spot risks and adapt in the best way
- Visit our [website](#), read about the new business landscape in our [report](#) and listen to a dialogue on this topic in our [podcast](#)

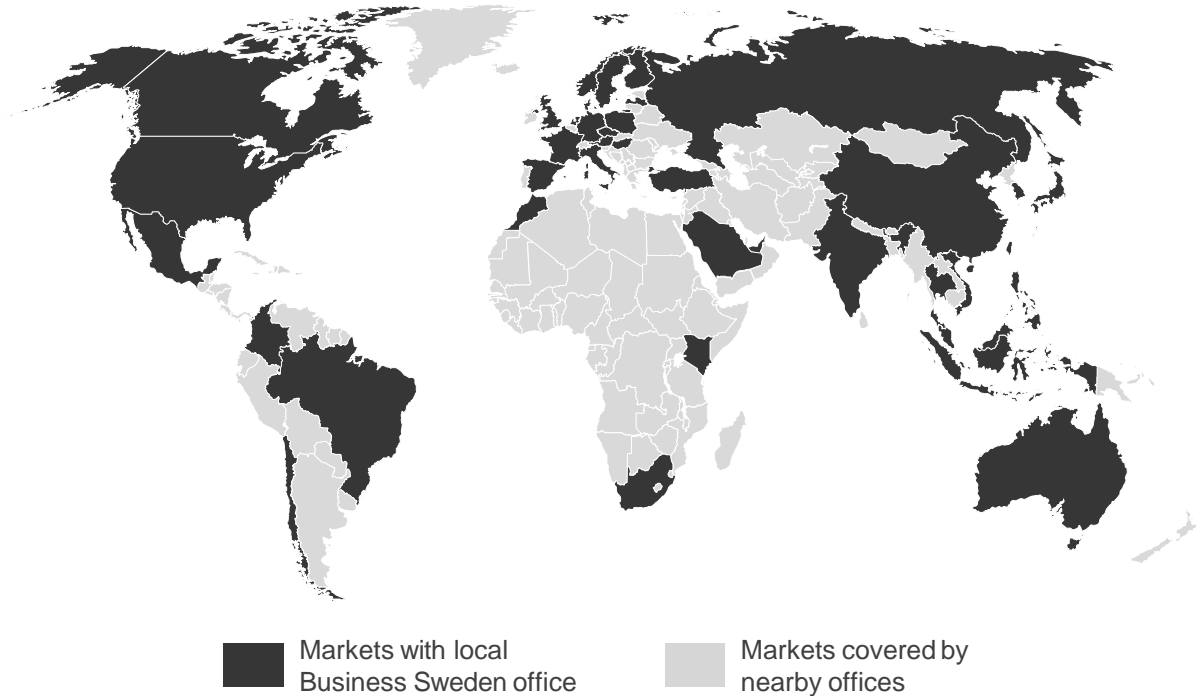
SECURE YOUR GLOBAL SUPPLY CHAINS

- COVID-19 has accelerated transformation and power shifts within global supply chains, which will have impact on Swedish companies' operations in coming years
- Business Sweden has developed a global perspective on major supply chain trends and how Swedish companies should secure their supply chains, and includes region outlooks for the Americas, APAC and Europe, Middle East, and Africa
- Visit our [website](#) for more information and to download the [report](#)



Business Sweden is an international organization with a global footprint – we stand ready to support you in 39 markets

BUSINESS SWEDEN’S GLOBAL FOOTPRINT



OUR PRESENCE AND EXPERIENCE

39

Business Sweden is a truly global company, operating in 39 markets globally.

420

Our ~420 employees consist of multinational teams rooted in local business culture.

45

More than 45 years’ experience in helping Swedish businesses succeed abroad.

Business Sweden helps Swedish companies grow global sales and international companies invest and expand in Sweden

Our presence and experience allow us to:



Evaluate situation

When and where lockdown measures are lifted or enter the next phase



Navigate new barriers

Which have emerged as part of disruptions or increased protectionism



Plan & prepare

Your local recovery plan based on market situation and conditions



Find new opportunities

For sales growth or increased competitiveness by leveraging local recovery packages



Global Executive Brief