



Industry Report

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Best in Battling Covid

According to a recently released survey, conducted by the Deep Knowledge Group, Germany and New Zealand are currently the safest countries in the world when it comes to Covid-19. For that reason, it is worthwhile taking a closer look at the different Covid response strategies of both countries. For example, in contrast to New Zealand, Germany has never pursued an elimination strategy as its geographical, and probably also its political situation and commitment within the European Union, made tightly sealing borders to its surrounding neighbours impossible. Germany's top virologist Christian Drosten referred to the recent situation with Covid-19 as "the dance with the tiger". He pointed out that there will be more ups and downs to come, an increase of infection rates and periods where the curve might flatten off again, until a reliable vaccine has been found. In any case, he admits, all governments must constantly adjust to the changing situation.

Status quo in NZ

New Zealand is one of the very few countries internationally that seem to have the right strategy in fighting and containing the deadliest virus the world has seen so far. In August, NZ celebrated for reaching the mark of 100 days without community spread. Prime Minister Jacinda Ardern continues to take a careful approach urging the public, the team of five million, to do their best and help to keep New Zealand Corona-free. Communication and transparency seem to be the key. Ardern recently stated in one of her regular updates: "New Zealand has followed a plan that has worked. This has both saved lives, but also meant our economy has been able to be more open in a more sustained way

than nearly any other country in the world." But even though the Government sticks to its elimination strategy, mistakes have been made along the way that allowed the virus to slip through the more or less tight walls of a quarantine facility in Auckland and spread within the community. Internationally, the overall success of New Zealand's approach fighting Covid-19 is unarguable. While second waves of corona outbreaks do appear globally, NZ has been able to react and contain their newly appeared Auckland clusters as fast as possible. With Auckland moving back down to level 2 from Wednesday night, physical distancing requirements will still be in place, wearing masks on public transport remains mandatory and there are some extra restrictions on social gatherings,

funerals, and tangihanga (Maori funeral ceremony) in Auckland. New Zealanders are also encouraged to use the NZ Covid Tracer app. It looks like the latest community clusters in the Auckland region are now under control, and cabinet has given the green light for the whole country, except Auckland, to move into Level 1 from today.

Germany's Bounce Back Strategy

No other country in the world, compared to the size of the economy, invested more into a rescue package than Germany. They almost immediately kicked into crisis mode knowing that they already had mechanisms in place that allow businesses to stay afloat which were installed during the Global Financial Crisis in 2008/09. Germany's answer to the 2020 Covid-19 pandemic was: liquidity support, easy access to short-time working compensation for employees and additional state aid. It also included a 600 billion-euro Economic Stabilisation Fund (WSF). The overall volume of financial support and guarantees reached a figure of 1.2 trillion euros. By the end of August, the Government announced that all support measures for businesses will be extended until the end of the year, the short-time working compensation for employees even until the end of 2021. To boost economic activity Germany also reduced the value-added tax from 19 to 16 per cent until then end of December. To provide extra support for families the Government decided on a one-off payment of 300 Euro per child on top of the usual "Kindergeld" child benefit (minimum of 204 Euro) parents receive every month. The German newspaper Handelsblatt summarizes that many economists welcomed the rescue package because it leaves out unnecessary subventions, boosts the purchasing power,

and has a long-term perspective. To avoid the misuse of the support money for businesses (a problem NZ has to deal with, too) the German Government recently decided that businesses now need a tax consultant or accountant to apply for financial support. The downside of this barrier against cheaters makes the process very complex and keeps the number of aid applications low.

NZ's Finance Minister: "It's the price we have to pay"

New Zealand has also taken on huge debt in order to cushion the economic effects of the lockdowns and to keep the economy rolling. Parliament passed the so called "Imprest Supply Act" that allowed the Government to significantly increase the amount of money it spent. The first Economic Response Package of NZ\$12.1 billion was announced in March. They also created a NZ\$50 billion Covid Response and Recovery Fund (CRRF) targeted to address both the immediate response to the global pandemic and the economic damage. Combined with the first rescue package, the Government was planning to have NZ\$62.1 billion available to respond to the crisis. When Auckland was put back under Level 3 and later Level 2.5 restrictions, the Government made investments from the CRRF fund to extend the Wage Subsidy Scheme, the Small Business Cashflow Scheme, and additional funding for personal protective equipment for health providers. As of the 20th of July, NZ\$14 billion remain in the CRRF which is now being set aside for other events such as a second wave of the pandemic. Finance Minister Grant Robertson explained in an official statement of the Beehive that the new wage subsidy is forecast to cost about NZ\$510 million and cover 470,000 jobs. Overall New Zealand's

Government already paid out an estimate of NZ\$ 13.4 billion in wage subsidies, supporting more than 1.7 million jobs.

Where from here? – NZ's Vaccine Strategy

As part of their Covid-19 vaccine strategy, New Zealand's Government decided to invest NZ\$10 million of funding into a scientific collaboration between different universities called "Vaccine Alliance Aotearoa New Zealand" (VAANZ). Members of that alliance have been lobbying the Government since April to have its own vaccine program. VAANZ is responsible for research and to get early and ongoing access to vaccines. On top of that, Auckland company Biocell has received NZ\$ 3 million in government funding and is currently working with the American company Stabilitech on a vaccine in pill form. According to Research, Science, and Innovation Minister Megan Woods, the boost for Biocell will help to produce up to 100 million doses of vaccine which would be shared with Pacific countries. There are also some NZ companies that are able to manufacture some types of vaccines in the future, such as Timaru based biotech company South Pacific Sera. Aotearoa's Government is heavily investing in international schemes as another part of its vaccine strategy. On top of that, they announced in August that further funds had been set aside that could also be used to buy vaccines later on.

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