

Eurozone fiscal spending to counter Covid-19: what's been promised so far

Almost all governments have now announced sizeable fiscal measures to counter the economic fallout from Covid-19. Similar types of measures have been taken, but size matters



Source: Shutterstock

Up until now, the united response by eurozone governments to counter the economic fallout from Covid-19 has been one of words rather than action. But now, individual governments have taken roughly similar measures to deal with the crisis. As can be seen in the infographic below, the countries with the largest spending commitments have all announced some form of tax forbearance, liquidity and guarantee support for businesses and short-time working. The packages do differ in size though, which does not necessarily depend on the types of lockdown measures taken or the number of cases per million people. For now, the Netherlands and Portugal have announced the largest amount of spending as a percent of GDP, while countries like Germany and Belgium have remained more cautious. Mind you, given that all countries have announced spending with different time frames, it is challenging to compare the impact. The spending included in the figures amounts to a similar number mentioned by the Eurogroup, but that amount of roughly 1% of GDP will be used over differing time frames by country.

Spending differs in size, but types of measures taken are roughly similar around the eurozone



Additional fiscal spending €12 bn €45 bn €25 bn €17 bn €20 bn €1 bn €4 bn €3.1 bn €5.2 bn

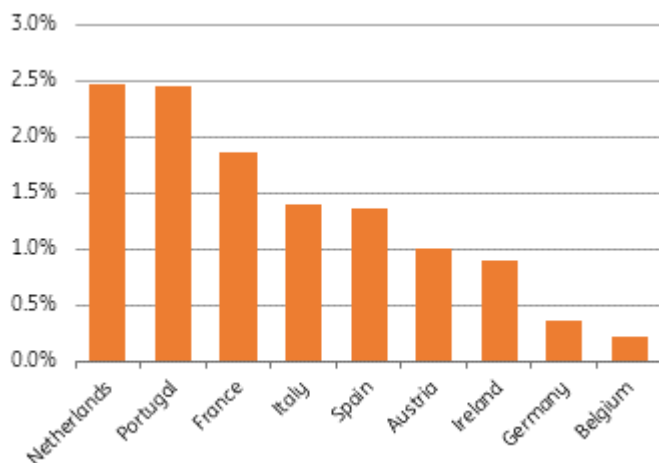
Short-time working

Tax forbearance

Liquidity and guarantees

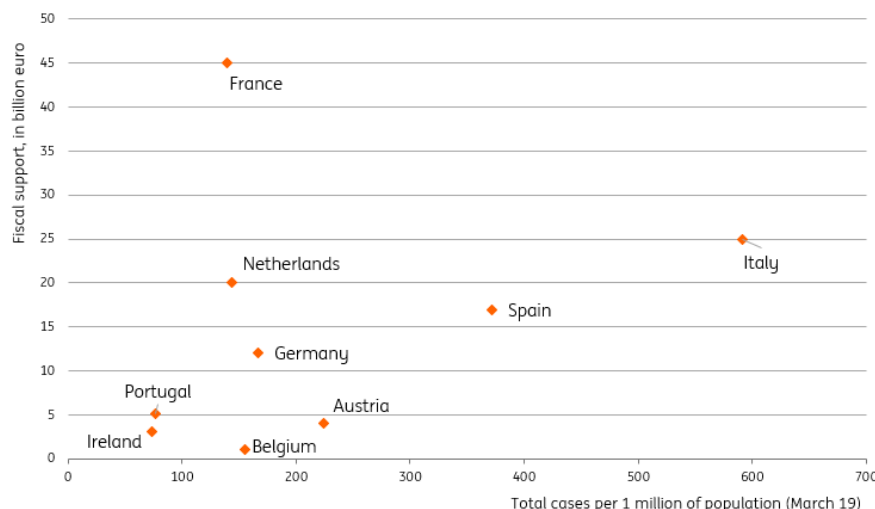
Source: ING Research

By country, the Netherlands and Portugal stand out in size



Source: ING estimates

Given the share of population infected by the virus, Italy spends relatively little



Source: ING Research

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