

MACRO: Policy responses to Covid-19

Below is this year's first summary table on the health and economic policies that selected governments around the world are implementing to counter the fallout from Covid-19. The updated table includes information about each country's vaccination strategy. Please do not hesitate to contact us if you want to discuss any of the countries mentioned in more detail.

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Overview of health and economic policy responses to Covid-19

	Measures to contain outbreaks	Vaccination strategy	Economic response	Public health system capacity	Political consensus	Signposts
United States	As US caseloads continue to surge, individual states continue to impose new restrictions.	Deployment of both the Pfizer and Moderna vaccines has begun, but the roll out has been shaky. President-elect Biden plans to expand eligibility.	A USD 908bn package was described as a “down payment,” and lawmakers will seek additional stimulus under the new administration.	Medium – Most states have health system capacity, but tracing and testing is shaky. Vaccination has fallen behind targets. Reopening remains political.	Medium – Democrats have narrow majorities in the House and Senate, potentially limiting landmark legislation.	Confirming various leadership positions for both parties in the Senate will begin.
European Union	Member states support a Schengen-wide local warning system, allowing borders to remain open, but national capitals in charge.	Commission procures vaccines and distributes to member states on a per capita basis. Member states in charge of rollout.	EUR 500bn, mostly promises of loans from ESM rescue fund, guarantees and support for short-term work schemes, ECB bond-buying.	Medium – Budget and recovery fund proposals reveal political ambition.	Medium – Different positions persist, but overall approach to crisis response is more proactive than after the 2008 financial crisis.	National recovery plans must be submitted to Brussels by 30 April 2021.
China	New lockdowns imposed in Hebei province in early January, after China’s largest outbreak in several months.	Authorities plan to vaccinate 50mn people by mid-February. Chinese producers have agreements to supply 15 countries and regions.	Central bank said it intends to gradually roll back pandemic-related stimulus measures. Precise timeline is unclear.	High – Protocols in place to reimpose lockdown quickly and conduct mass testing.	High – Critics of early failures in Wuhan have been largely silenced, and the public views China’s response favorably compared to US and Europe.	Partial easing of inbound travel restrictions, but new visas for short-term business travelers, tourists and students are still not being issued.
Japan	State of emergency declared in greater Tokyo region on 7 Jan; will likely be extended to greater Osaka region on 13 Jan. Restrictions more modest than first state of emergency: schools opened, businesses requested to reduce hours rather than close entirely, employers urged to work from home.	Purchasing agreements for enough doses for 145 million people – more than the population – but distribution not expected (starting with medical professionals) until late February, once the Pfizer-BioNTech vaccine is approved. Approvals for other vaccines could take longer.	Diet to consider this month third FY2020 supplemental budget (JPY 19.2tn), the first part of a JPY 73tn (USD 700.8bn) stimulus package that will include spending in the FY2021 budget. The package extends employment security, business continuity support, and dining out subsidies (travel subsidies suspended).	Medium – Latest surge has strained hospital and ICU capacity, limited cluster identification and contact tracing. Central government still does not have capacity to impose strict lockdowns, although pending legislative change could enable use of fines and incentives to encourage businesses to comply with state of emergency protocols.	Medium – Prime Minister Suga’s approval ratings have fallen sharply and disapproval of the government’s handling of the pandemic is higher than at any point since it began. Public opinion and local government pressure are pushing the national government to take more aggressive steps.	The third wave has forced Suga to scrap plans for a snap election in early 2021. New stimulus package will be submitted to the Diet in January.
Germany	Nationwide lockdown continues until mid-January, Bavaria leads push for tougher rules in some states.	Attempts to speed up vaccinations after regulatory clearance has been received for second vaccine.	Over EUR 350bn in fiscal measures and EUR 800bn+ in guarantees: tax delays, short-time work and payments to businesses.	High – Decentralized testing, tracking and treatment has enabled a solid response to the pandemic so far.	Medium – Grand coalition government, but some political competition in the decentralized political system.	Vaccine rollout is faster than in other EU countries but slower than the UK; domestic perception of organizational failure.

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Canada	Cases continue to rise. School openings have been delayed and an 8pm curfew is in place in Quebec province until early February.	Agreements with 7 vaccine suppliers; two approved for use so far: Pfizer and Moderna. Pfizer roll out has begun. Provinces in charge of distribution and prioritization strategies.	December job losses were 62,000, the first decline since April. No further federal economic support since the wage subsidy and employment insurance programs.	Medium – Hospitals are nearing capacity. Health officials expect the situation to worsen in the coming weeks.	Medium – Prime Minister Trudeau acknowledged the possibility of an early election but says he doesn't want one. His Liberal Party is leading nationwide polls were elections called tomorrow.	Quebec and Ontario continue hitting record high Covid-19 case numbers, each with 3,000-4,000 per day.
India	Some restrictions back in place: curfews, max 50 people gatherings, fines for not wearing a mask increased 400% in many state capitals.	Two domestic vaccines will be rolled out from 16 January. Health workers, police and defense personnel in the first round of inoculations of around 30mn.	Total virus relief at almost INR 30tn (USD 402bn), or 15% of GDP. Largely aimed at tourism, construction, and small business.	Medium – Extensive inoculation planning. However, it is still not clear if the entire population will be vaccinated. The vaccine may be made available over the counter.	Medium – State governments largely support the federal regime. But criticism continues over low-income support.	A decision on opening international flights still pending. Government says half of India will be vaccinated by September 2021.
United Kingdom	Third national lockdown in England began on 5 Jan and could last through mid-Feb.	The number of vaccinations conducted in the UK so far outperforms the combined vaccination effort in the EU.	~GBP 300bn. Companies now paying more for the furlough scheme. Plans to extend the scheme locally past October.	Medium – Questions around testing and tracing, and around the cost of support measures.	Medium – Government has large majority, but political contestation over government's crisis response.	Stricter restrictions are being considered given lax compliance.
France	Curfews (6am-6pm) have been imposed in 24 out of France's 101 departments. No national lockdown in sight.	Vaccines supplied by the EU's joint purchases initiative. Slow initial rollout, focused almost exclusively on care homes.	Short-term employment scheme extended; long-term furlough scheme for specific firms. Up to EUR 10,000/month to cover losses from new lockdown.	Medium/High – Hospitals have been able to respond effectively to second wave.	Medium – Opposition parties are using the slowness in the rollout of vaccinations to attack the government.	The pace of vaccinations is likely to accelerate in the coming days.
Italy	Returned to tiered system on 11 Jan. On 8 Jan., the government tightened anti-virus measures in 5 regions to reverse a recent acceleration in the infection rate. 10pm-5am curfew remains in place.	Italy is relying on EU joint procurement initiative for Covid-19 vaccines. Of the 900k+ doses of the Pfizer/BioNTech vaccine delivered, more than 55% have been administered, but the situation varies substantially by region.	The government is considering a new stimulus package worth EUR 24bn (1.5% of GDP) to support healthcare system and the economy. But the cabinet still has not approved the economic recovery plan to be submitted to EU.	Low – The R number has risen above 1 for the first time in 6 weeks. Almost every region should be classified as high or medium risk, according to the Higher Health Institute. Average daily death toll remains above 500.	Low – Amid the health emergency, the government of Prime Minister Conte continues to face political instability, as the threat of his coalition partner Matteo Renzi to bring down the government remains concrete.	Cabinet may approve a new version of the economic recovery plan. It is unclear if that would be enough to ensure the government's survival. A reshuffle of the cabinet is the most likely outcome.
Brazil	Federal government focused on states with rapidly worsening situations such as Amazonas (160% increase in number of deaths in the last 15 days). States and municipalities restricting openings to essential activities.	Both federal (Fiocruz) and São Paulo state (Butantan) health institutes requested emergency approval for their respectively sponsored Oxford/AstraZeneca and CoronaVac vaccines.	Emergency assistance ended officially on 31 Dec. Government cannot extend it in the absence of new revenue source. Government is mostly concerned with fiscal situation, not focusing on additional stimulus to companies.	Medium – Fiocruz requested 2mn doses of the Oxford/AZ vaccine from India and will produce 100 million doses locally in 01H21 and 110mn in 02H21. Butantan can immunize São Paulo state population and may supply other states.	Medium – Federal government threatening to order São Paulo state to make local vaccine available for national immunization plan. State governors negotiating nationwide immunization plan with federal government.	Health Minister highly criticized for muddled national vaccine plan, along with President's continued denial of Covid's gravity and ambiguity toward vaccines. States and municipalities may seek individual solutions if negotiations fail.

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Russia	In Moscow, 30% of employees required to work remotely, senior citizens to self-isolate until 15 Jan. Schools and nurseries are gradually reopening in largest cities.	Relying on domestic Sputnik V vaccine, with two additional vaccines undergoing trials. Official reports suggest that over 1mn citizens have been vaccinated as of 5 Jan. Priority groups include medical workers, teachers and care home residents.	Interest rates on preferential loans to small businesses lowered to 7% as of 1 Jan. Preferential mortgages valid until 1 Jul. Inspections of small businesses suspended until 31 Dec 2021.	Medium – Significant testing capacity and access to vaccine. Limited healthcare capacity outside key cities. High public skepticism towards vaccination. Lack of transparency over immunization progress.	Medium – Some tensions between federal and regional administrations, which are responsible for restrictions and vaccination.	Watch for post-holiday surge of new infections. Reopening of schools and nurseries might be premature given still high incidence rates.
South Korea	Stricter social distancing measures remain in greater Seoul region. National government has introduced enhanced measures elsewhere.	Agreements for doses for 10mn people from each AstraZeneca and Pfizer, 20mn from Moderna, 6mn from Janssen and potential 10mn from COVAX. But criticism for lack of detailed roll out plan. Vaccine will be provided free of charge to all.	4 th supplemental budget with ~KRW 7.8tn in emergency relief programs for households, small businesses. FY2021 budget will include emergency relief.	High – Winter case surge strained intensive care capacity in the Seoul region, but situation has improved as social distancing guidelines have contained the outbreak. Capacity to test, trace, and isolate remains intact.	Medium – A centralized state and a ruling party supermajority have enabled the government to impose public health measures and provide economic relief, but government has faced opposition to social distancing from churches and small businesses.	Following rising caseloads, heightened measures remain in place. In the wake of protests from business groups, authorities are discussing revising guidelines.
Spain	Regions remain in control and continue to impose restrictions depending on the evolution of epidemiological indicators.	Doses provided by the EU's joint purchasing initiative. National strategy but regions in charge of rollout.	Short-term employment scheme covering ~3mn workers has been extended to 31 Jan. Another extension currently being discussed.	Medium – Significant differences in the ability of regions to administer the vaccine quickly.	Medium/Low – Opposition is attacking government for slow rollout of vaccines, while the government blames regions.	An extension of the furlough scheme for the sectors worst affected by the pandemic could be announced towards the end of the week.
Australia	States and territories have introduced border restrictions with QLD and NSW following recent spikes in local cases. Negative Covid tests required for international arrivals and masks are mandatory on all flights.	Vaccinations begin mid-February with a plan to vaccinate 4mn by April. The Pfizer vaccine is approved for use and approval for the Oxford/ AstraZeneca vaccine is expected shortly. Healthcare workers, border staff and the elderly will be prioritized.	JobKeeper has been extended to 28 Mar; JobSeeker supplement has been reduced to AUD 75/week. Commercial and retail loan deferrals have decreased to 2.3% of loans issued, down from a high of 10% at the height of the lockdown.	High – International arrivals permitted to enter Australia each week has been halved in response to concerns over the emergence of the new strain of the virus; High levels of testing and effective contact tracing remain in place in affected states.	Medium – Interstate border debates are intensifying states call out lack of consultation on border closures. At a federal level, the opposition remains critical of the JobSeeker reduction and calls for a further extension to the JobKeeper program.	Mid-February marks the beginning of the vaccine rollout and the National Cabinet review of arrival caps. The end of March marks the end of the extended JobKeeper payment.
Mexico	Traffic light system remains controversial and arguably discredited after delay in recognizing "second wave" of cases. Official messaging has often been muddled and contradictory.	Government has contracts with Pfizer (34mn doses by end-2021); AstraZeneca (77.4mn doses); CanSino (up to 35mn doses); and the Covax initiative. Vaccinations have started but timetable looks unrealistic.	Limited fiscal measures at no more than 1.2% of GDP. Measures include advancing pension payments; credits for micro- and small enterprises; and government austerity.	Low – Chaotic healthcare system reform was in process when pandemic struck, lacking PPE, limited testing capacities; government believes comprehensive testing is unnecessary.	Low – Divisions between opposition state governors and central government; relations between President and the private sector and media remain antagonistic.	New cases continue to rise with medical resources severely stretched in many areas. Ambitious target of vaccinating the entire over 60 population – around 12mn people – by the end of March.

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Indonesia	The government has re-imposed restrictions from 11-25 January across Java island, including Jakarta, and Bali.	Vaccination of the first 1.3 million targeted recipients – healthcare workers – starts 13 January but wider rollout will face logistical, social challenges	~4.8% of GDP, for healthcare, social welfare, support for MSMEs, and bailouts of state enterprises. 2020 deficit target raised to 6.34% of GDP from 5.07%.	Low – Testing capacity still low and highly uneven as seen in high positivity rates.	Medium – Government has broad support for most of its pandemic-related economic and health policies, but labor is unhappy with some reforms	Restrictions adjusted based on public and government perceptions of the risk and where the cases are concentrated.
Saudi Arabia	International travel was temporarily halted in late December to keep out the highly contagious variant of the virus. Overall, infection rates are declining sharply.	The country has committed to providing a variety of vaccines free of charge to citizens and residents and has begun registration.	The government has committed USD 61bn in economic relief, mainly targeted to the private sector.	Medium – MERS spurred investments. General institutional capacity is mixed; expatriate population live in close quarters. Shutdown was vigorously enforced.	High – The government has aggressively suppressed dissident voices, and there is little opposition to its actions.	The Kingdom has had more than 350,000 infections, but new cases are approximately 100 per day and falling, suggesting successful management.
Turkey	Weeknight curfews and weekend lockdowns in effect since early December. Measures tightened after the emergence of a new and more contagious variant of Covid-19. Under current conditions, there is no sign that restrictions will be lifted in the coming weeks.	Mass vaccination plans still being finalized. Turkey received the first shipment of 3 million doses of China's SinoVac Covid-19 vaccine on 30 Dec. Turkish authorities are also in talks with BioNTech. Meanwhile, the trials of Turkish-made vaccines are still going on.	The USD 760-bn economy is expected to narrowly avoid a contraction in 2020 but the outlook remains uncertain given various in-built weaknesses, including a high trade deficit, a volatile currency, double-digit inflation and negative net foreign exchange reserves.	Low – The average number of daily new coronavirus cases is around 10-11,000, a third of the figures for early Dec. However, concerns remain over the accuracy of the official data. Turkey has suspended entries from the UK after detecting 15 cases of a more contagious variant of Covid-19 in travelers from Britain.	Medium – According to a recent survey only 6.8% of Turks are willing to be vaccinated with CoronaVac, 17.6% for the Pfizer /BioNtech vaccine. 4.7% will take anything state approved. 34.8% say that they will refuse to be vaccinated and 29.3% that they will only accept a "Turkish" vaccine.	EU leaders will discuss the future of EU-Turkey relations at the March summit. The EU failed to persuade Ankara to cease exploring in disputed waters, but the risk of biting economic sanctions remains low.
Thailand	A spike in December has caused local governments to significantly limit inter-provincial travel; no national lockdown is expected yet	Vaccine program is expected to start in February with the Sinovac vaccine, but a local AstraZeneca JV is expected to provide the bulk of the eventual supplies.	Tourism remains a major concern because local programs have been hit by corruption and weak traveler flows. More cash handouts are thus being considered.	Medium – Institutional capacity for testing has improved but border controls are concern as returning Thais from neighboring countries appear to be the source of local outbreaks.	Medium – Policy is accepted but government seen as ineffective in other areas such as economy, as a result there may be more focus on growth.	Concerns about sustained community transmission but authorities willing to hold off national restrictions unless there are super spreader events.
Sweden	New lockdown law enables government to impose restrictions akin to other European countries.	The goal is to restore confidence by vaccinating the entire adult population in time for the 26 June Midsummer holiday.	SEK 812bn in measures, incl. tax deferrals, wage subsidies, credit guarantees; SEK 500bn in business loans, SEK 300bn bond buying.	Medium – Institutional capacity generally high but initial no-lockdown strategy was especially problematic in care homes.	High – Minority government with broad parliamentary support.	First use of the new lockdown powers is expected to be imminent after the bill passed into law at the end of last week.
Nigeria	Most local restrictions put in place in Q1-2020 have been lifted. Current stage 3 last renewed on 19 Oct 2020; reviewed periodically. Surge in infections since December 2020 has so far not triggered a major review.	Inoculate 40% of the population this year, 70% by end-2022. 20% of the vaccines acquired through COVAX. The first 100,000 doses of the Pfizer-BioNTech vaccine are expected this month. Healthcare workers, the vulnerable and elderly prioritized.	Moratorium on government loans. Small credit facilities to support households and SMEs (NGN 50bn) and healthcare (NGN 100bn).	Low – The government's public health and economic response capacity remain both very weak.	Medium – Gradual reopening softens economic grievances but could be challenged by rising caseloads. Vaccination roll-out could be hampered by mistrust of state institutions, particularly across the majority Muslim north.	Oil production, GDP and trade figures; response from WB and AfDB to request for USD 3.5bn in financing.

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Argentina	Rising caseload since late-December has prompted new government recommendation for night-time curfews amid other restrictions, including new tighter border rules.	Sputnik V vaccine roll out started on 29 Dec; government has signed contract to cover 12mn people using Sputnik V. Sinopharm contract for 30mn doses, with 1mn to arrive in January. AstraZeneca (22mn doses) expected in late-March.	~1.9% of GDP, includes direct cash transfers; freezing of utility tariffs; and lowering of bank loan requirements.	Low – Health system has managed to avoid collapse. Human contact tracing program and contact tracing app are positive but not widely operational. Testing rates remain low.	Medium – Presidential authority boosted by early action but criticism of slow lifting of restrictions and economic impacts. Room for further restrictions limited by severe economic recession. Occasional tensions between Buenos Aires and provincial authorities.	Rising caseload is prompting new restrictions. Doubts over safety of Sputnik V vaccine, especially in over 60s, could generate hesitancy. Public appetite to adhere to strict restrictions diminished following 2020's lengthy lockdown.
South Africa	Lockdown raised to "Level 3" amid resurgence, including night-time curfew, bans on most gatherings and fresh border closures.	Plans to vaccinate 40mn in 2021 but faces procurement delays. Deals to date are AstraZeneca for 1.5mn doses for health workers and about 6mn doses under Covax.	Record fiscal constraints leave no room for additional stimulus beyond 2020 ZAR 500bn package (including tax credits, social grants and credit guarantees).	Medium – A second surge is straining public and private health services, including oxygen supplies, particularly in hotspot provinces.	Medium – Tough tradeoffs between health restrictions and economic costs (e.g., a renewed ban on alcohol sales) are fueling divisions and legal battles.	Restrictions are being expanded but the government remains reluctant to return to a Level 5 lockdown amid economic and fiscal crisis.

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