

MACRO: Policy responses to Covid-19

Below is our weekly 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. Masks are now required in all federal locations.	31.6mn Americans have received at least one dose of the vaccine and 9.1mn people are fully vaccinated. Daily vaccinations are averaging ~1.4mn.	This week 9 House committees will mark up the USD 1.9tn American Rescue Plan, aiming for a floor vote by 22 Feb.	Medium – Most states have health system capacity, but tracing and testing is shaky. Reopening remains political.	Medium – Democrats have narrow majorities in the House and Senate, potentially limiting landmark legislation.	Lawmakers are working to pass the American Rescue Plan bill before 14 March when current Covid-19 unemployment aid is due to expire.
European Union	Testing requirements and travel restrictions inside the passport-free Schengen zone.	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 – Capacities vary across member states which remain firmly in charge; joint vaccine procurement receiving criticism.	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.
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 not being issued.
Japan	State of emergency in greater Tokyo, greater Osaka and Fukuoka. Restrictions more modest than before: schools opened, businesses requested to reduce hours, work from home encouraged.	Agreements for doses for 145mn people but distribution not expected (starting with medical staff) until late Feb, once the Pfizer-BioNTech vaccine is approved. Approvals for other vaccines could take longer.	Diet passed third FY20 supplemental budget (JPY 19.2tn), the first part of a JPY in late January. It extends employment security, business support, and dining out subsidies (travel subsidies suspended).	Medium – Strained hospital and ICU capacity, limited cluster identification and contact tracing. Central government cannot impose strict lockdowns but new Covid legislation will enable fines and incentives to drive compliance.	Medium – National government is under public and local government pressure to take more action as Prime Minister's approval ratings have fallen and disapproval of the government's handling of the pandemic is high.	Diet passed legislation to add more teeth to state of emergency declarations, new powers expected to take effect by mid-Feb. State of emergency extended in 10 prefectures by one month, to 7 March.
Germany	Nationwide lockdown likely to be extended beyond mid-February.	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.	Medium – Slow speed of vaccine rollout has raised questions.	Medium – Grand coalition government, but some political competition in the decentralized political system.	Travel restrictions towards neighboring countries have been introduced.
Canada	Provinces are expected to relax restrictions as cases trend downward, but Canada's top public health doctor is warning that this trend can be easily reversed.	Vaccination strategy continues to be clouded in confusion. Federal government says Canada will have enough doses to vaccinate 3mn Canadians by the end of March, and an additional 10mn by the end of June.	Business owners continue to ask government for more direct support as the months of closures and reopenings negatively affected their revenue.	Medium – Although national case counts are trending downwards, hospitals remain full, with new Covid-19 hospitals and treatment centers being opened in infection hubs and cities.	Medium – With the impending Federal elections on the horizon, parties continue to unveil their platforms. The New Democratic Party is promising to eliminate privately owned long-term care homes.	Canada hit 800,000 Covid-19 cases over the weekend while case counts, and hospitalizations are trending downward gradually.

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India	Reduction in daily cases. Many restrictions lifted but social distancing and use of masks continue to be in place.	2 domestic vaccines being administered to health workers, police and defense personnel in the first round of around 30mn vaccinations.	Total virus relief at almost INR 30tn (USD 402bn), or 15% of GDP. Largely aimed at tourism, construction, and small business.	Medium – Extensive vaccination planning. But full timeline unclear. Vaccine may be made available over the counter; 4 more vaccines underway.	Medium – State governments largely support the federal regime. But criticism continues over low-income support. Concern with insufficient testing.	A decision on opening international flights still pending. Government says half of India will be vaccinated by Sept.
United Kingdom	Third national lockdown in England began on 5 January and could last through mid-February.	The number of vaccinations conducted in the UK vastly outperforms the effort in the neighboring 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; however, vaccination record is very positive.	Medium – Government has large majority, but political contestation over government's crisis response.	Hotel quarantines have been introduced for travelers from certain countries, including Brazil and South Africa.
France	6pm-6am curfew still in place.	Vaccines supplied by EU joint purchases. ~70% of doses administered. Govt just started delivering AstraZeneca vaccine	Short-term employment scheme extended, long-term furlough scheme for specific firms. Up to EUR 10,000/month to cover losses. Profit participation loans scheme to be launched.	Medium/High – Hospitals have been able to cope with the high number of patients in ICUs.	Medium – Scientists have criticized President Macron's decision not to impose a third lockdown, but the population supports the current course of action.	Government unlikely to implement nationwide lockdown unless there is a significant surge in cases.
Italy	Restrictions in most regions were eased on 1 Feb, despite warnings from public health experts and concern about the accuracy of some data.	Vaccine offered to teachers, police officers, prison staff and over 55s as the first 250,000 doses of the AZ vaccine arrived on 8 Feb. Target to administer 2mn doses in Feb under the revised vaccination plan.	GDP shrank by 8.8% in 2020, according to ISTAT's preliminary estimate; the steepest annual GDP drop for Italy since WWII. Rome officially forecasts a rebound of 6% in 2021.	Low – National tiered system, with rules changing weekly. Alto Adige region enters strict lockdown on 8 Feb, as the first case of the UK variant was detected. Rest of the country remains in yellow or orange zones.	Low – Domenico Arcuri, special commissioner for the pandemic emergency is expected to be replaced once the new government is formed. He has been criticized for power grabbing and poor use of resources.	Mario Draghi is expected to unveil his new government by the end of this week. Draghi will wrap up his second round of talks with political parties on 9 Feb.
Brazil	20 of 27 states have cancelled mid-February Carnival festivities. At least 15 states plan the return of classes in public and private schools in a hybrid model between February and March.	Arrival of Active Pharmaceutical Ingredient (API) in São Paulo will allow state to produce over 8.7mn doses of CoronaVac. Federal Government started distribution of 2.9mn doses of São Paulo's vaccine.	Due to fiscal difficulties, federal government is considering a "Productive Inclusion Bonus" (BIP) that would provide three installments of BRL 200 emergency aid.	Medium – Most hospitals are above 85% occupancy; field hospitals being reactivated; logistical difficulties in distributing vaccines. Oxygen scarcity in Northern states still out of control.	Medium – With greater alignment in Congress, President Bolsonaro can avoid impeachment and advance his reform agenda; greater focus on restructuring of spending and emergency assistance than on tax reform.	Health agency ANVISA threatens to dispute in Supreme Court the Senate-approved executive order for a 5-day fast-track emergency-use approval of vaccines already approved in other countries.
Russia	Gradual reopening continues. 8 Feb, in-person teaching resumed at federal universities. Most businesses allowed to operate under sanitary regime. Flights to UK suspended until 16 Feb.	Relying on domestic Sputnik V and EpiVac vaccines. There are efforts to boost domestic production of vaccines to speed up immunization. As of 4 Feb, ~400,000 Muscovites received the first dose.	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 and vaccine capacity. Varying healthcare capacity outside key cities. High levels of vaccine skepticism. Low transparency of vaccination campaign.	Medium – Some tensions between federal and regional administrations, which are responsible for restrictions and vaccination.	Third domestically developed vaccine to be registered in mid-Feb. Government targets 20mn vaccinated by the end of Q1.

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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 maybe 10mn from COVAX. Criticism for lack of detailed roll-out plan. Vaccine free for 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 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, isolate remains intact.	Medium – Ruling party supermajority and centralized state enabled government to impose health measures and pass economic relief. But churches and small businesses lead opposition to social distancing.	Caseloads have declined sharply but social distancing guidelines extended through 15 February, as authorities hope to limit emergence of new clusters during Lunar New Year.
Spain	Regional governments still in control of the pandemic. Different restrictions in place depending on the region.	Vaccines supplied through EU initiative. National strategy but regions lead roll-out. ~90% of current supplies administered. First doses of AZ vaccine delivered this week.	Short-term employment scheme covering ~3mn workers extended to 31 May.	Medium – The pressure on certain regions' health systems has receded in recent days.	Medium/Low – Lack of coordination between central government and regions continues to characterize decision-making.	Some regional governments might start lifting restrictions next week if the number of cases goes down.
Australia	WA lockdown eased; VIC reinstates some restrictions; VIC eases border with NSW; TAS eases border with WA while announcing VIC high-risk spots.	Government states rollout is on track for Feb; all Australians will have option to be vaccinated by Oct. Government is finalizing vaccination certificate plans. AstraZeneca vaccine approval expected.	Interest rates to remain at record lows, central bank pushing for lasting increase in JobSeeker support. Tourism Minister is optimistic about early 2022 opening of international borders; travel bubbles earlier.	High – WA, VIC tighten rules for hotel quarantine workers; NSW begins day 16 testing for returning travelers while VIC considers adopting; Australia secures additional 10mn Pfizer doses for Pacific neighbors.	Medium – Debate over end to JobKeeper and support for tourism sector. Pressure for Coalition MPs to criticize Minister advocating hydroxychloroquine & other unproven treatments.	Increase on cap on international arrivals from 15 Feb; VIC moves to extend state of emergency laws until 15 Dec; NSW expected to ease capacity limits 12 Feb.
Mexico	Traffic light system is controversial and arguably discredited after delay in recognizing "second wave" of cases. Official messaging has often been muddled and contradictory.	Contracts with Pfizer (34mn doses by end-2021); AstraZeneca (77.4mn doses); CanSino (up to 35mn doses); Sputnik V (24mn doses); and COVAX. Vaccinations have started slowly.	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 pre-pandemic; lacking PPE, limited testing capacities; government believes wide-ranging testing is unnecessary.	Low – Divisions between opposition state governors and central government; relations between President and the private sector and media remain antagonistic.	Cases remain very high with medical resources severely stretched in some areas. Target of vaccinating the entire over 60 population (~12mn) by end March looks unreachable.
Indonesia	Government has re-imposed restrictions across Java and Bali islands. Rising deaths and cases may lead to tighter Jakarta restrictions.	Vaccination of the first 1.3mn targeted recipients (healthcare workers) started 13 Jan. Wider rollout will face logistical, social challenges.	~4.8% of GDP, for healthcare, social welfare, support for MSMEs, and bailouts of SOEs. 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 economic and health policies, but labor is unhappy with some reforms.	Restrictions adjusted based on public and government perceptions of risk and where cases are concentrated.
Saudi Arabia	International travel was temporarily halted in late Dec 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 daily cases are falling, suggesting successful management.
Turkey	Curfews continue for weeknights and full weekend lockdowns to curb the spread of the virus. No sign of restrictions lifting in coming weeks.	Second vaccine dose for health care workers to be administered this week. More than 2.6mn people have received the first dose (3.1% of population).	Previously pledged economic and judicial reforms have disappeared from the agenda.	Low – The rolling 7-day average of new daily cases is ~7,700, up by around 10% from last week. Concerns remain over the accuracy of the official data.	Medium – The opposition claims that the vaccination strategy is deeply flawed as it is largely dependent on the Sinovac vaccine (50mn doses ordered).	President Erdogan has stated that the government may start drafting a new constitution, less than 4 years after the introduction of the presidential system.

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Thailand	Color-coded scheme now in effect with graduated restrictions depending upon the severity of the local outbreak. Cases remain high in a central province.	Vaccine program is expected to start 14 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. A new USD 7bn cash handout was approved for 31 million recipients. Rules for SME loans may also be eased.	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	Immunization passport is being envisaged for when vaccine rollout gathers pace.	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.	Borders now effectively closed to enforce immigration requirement of negative test result.
Nigeria	Current stage 3 last renewed on 19 Oct; reviewed periodically. Surge in infections since December 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 in the majority Muslim north.	Oil production, GDP and trade figures; response from WB and AfDB to request for USD 3.5bn in financing.
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 underway with agreement contract to cover 12mn people but deliveries are behind schedule. Sinopharm talks continue, arrival date for first doses uncertain. 23.6mn AstraZeneca doses total, with deliveries to start Feb/Mar.	~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 eroded by slow lifting of restrictions and economic impacts. Further restrictions limited by severe economic recession. Occasional tensions between Buenos Aires and provincial authorities.	Slower-than-expected vaccine deliveries remains a problem. Doubts over safety of Sputnik V vaccine, especially in over 60s, could generate hesitancy. Public compliance to strict restrictions diminished following 2020's lengthy lockdown.
South Africa	Lockdown "Level 3" eased slightly, to shortened night-time curfew, limited gatherings and limited alcohol sales.	Plans to vaccinate 40mn people in 2021 but procurement slow. 40-50mn doses in pipeline, but first batch delivered (1mn AZ vaccines) now deemed ineffective against new strain.	No fiscal room for fresh stimulus beyond 2020 ZAR 500bn package given fiscal crisis.	Medium – A second wave has peaked, slightly easing strain on public and private health services.	Medium – The handling of vaccine procurement and distribution are fueling divisions.	Issues to watch include the speed of vaccine procurement and rollout and vaccine efficacy against the B.1.351/501Y.V2 variant.

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