

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	Nationwide case numbers are slowing, and some states have begun to roll back restrictions. Masks are still required in all federal locations.	32.9mn Americans have received at least one dose of the vaccine and 14.9mn people are fully vaccinated. Daily vaccinations are averaging ~1.6mn.	This week House Budget Committee will begin to assemble 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	Outbreak centered in northern China's Hebei province is now under control, and lockdown measures have been eased in most regions.	Given low domestic case numbers, China is prioritizing foreign "vaccine diplomacy" over domestic use, with a focus on Middle East, Africa, and Eastern Europe.	Economic policymakers will gradually roll back special, pandemic-related stimulus measures and tighten monetary and fiscal policies in 2021.	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 until late Feb, once Pfizer-BioNTech vaccine is approved. Approvals for other vaccines could take longer.	Diet passed third FY20 supplemental budget (JPY 19.2tn), 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 to drive compliance.	Medium – National government is under public and local government pressure to take more action as PM's approval ratings have fallen and disapproval of the government's handling of the pandemic is high.	Diet has strengthened state of emergency declarations, new powers expected to take effect by mid-Feb. State of emergency extended in 10 prefectures to 7 March.
Germany	Nationwide lockdown continues until the first half of March.	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	Travelers to Canada from the US must provide proof of a negative Covid-19 PCR test performed within 72 hours prior to arrival.	The vaccination strategy is currently on ice as the country's supply of Pfizer vaccines has been virtually halted.	Domestic commodity and food prices have reached pre-crisis levels amidst national efforts to ramp up local production of necessary goods.	Medium – While case counts continue to drop across the country, hospitals remain close to capacity, with new virus variants emerging.	Medium – The temporary suspension of Pfizer vaccine shipments and the low vaccination counts have put the Prime Minister in hot water.	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 will continue for several weeks more.	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. ~50% of doses administered. Govt already 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.	The government is monitoring the spread of new virus strains to decide whether new restrictions need to be imposed.
Italy	Restrictions were tightened in three regions and one autonomous province on 14 Feb amid concern about new coronavirus variants and the rising national Rt rate (0.95%).	Almost 3mn people have received one dose of the vaccine, while 1.2mn have received two doses. Five regions plan to purchase additional doses.	Prime Minister Draghi will present the program of his new government to parliament this week. The government will easily surpass the formalities of the confidence votes thanks to the broad coalition backing it.	Low – National tiered system, with rules changing weekly. The country should go into an immediate and nationwide lockdown according to a top government health advisor, citing the heavy number of deaths every day.	Low – Rome blocked ski resorts from reopening on 14 Feb., the day before skiing was due to be allowed for the first time this winter season. The about-turn was criticized by business owners and local politicians.	The new government will amend the pandemic strategy. Restrictions were loosened in recent weeks but the new government is under increasing pressure to change course.
Brazil	Brazil experiencing highest weekly variable average of deaths following year-end festivities and summer gatherings. Carnival was canceled nationwide but mass gatherings continue.	ANVISA to approve AstraZeneca and Pfizer vaccines in 60 days. Governors pressuring Congress to pass 5-day fast-track emergency-use approval of vaccines approved in other countries. Covax facility vaccines don't required approval.	Congress and government to agree on a new round of emergency aid at a lesser value, for 27 million people less than in 2020, and for only 3 or 4 months.	Medium – Despite gravity of second wave, federal government cut funding for maintenance of ICU beds in state hospitals. Governors resorting to the Supreme Court to resume transfers.	Medium – House passed a bill that makes it a crime to jump vaccination queues with sentences of one to three years in prison and a fine.	Variant of the coronavirus from Manaus tested in infected persons who have not been to the city. Ongoing investigations against Health Minister Pazuello for omission and negligence.
Russia	Reopening continues. Face masks remain mandatory and there are limits on mass events in most regions. Majority of businesses and public services are functioning under sanitary regime.	Relying on domestic Sputnik V and EpiVac vaccines. Planning to vaccinate nearly 69mn residents. As of 10 Feb, ~ 2.2mn got the first dose and 1.7mn got both jabs.	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.	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 Kovivak to be registered in 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 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.	Short-term employment scheme covering ~3mn workers extended to 31 May.	Medium – The pressure on certain regions' health system has continued to recede.	Medium/Low – Lack of coordination between central government and regions continues to characterize decision-making.	The government is expected to present new measures to support the solvency of firms in March.
Australia	VIC enters 5-day lockdown after outbreak; Australian Open tennis continues with no crowds; quarantine-free travel with NZ suspended following Auckland cases.	142k Pfizer doses arrive, rollout to prioritize quarantine staff, border workers, healthcare, and aged care facilities; provisional approval granted for AstraZeneca; CSL facility to bottle 50m AstraZeneca doses in coming week.	Government considering streamlining unemployment payments by removing some additional subsidies under proposed permanent rise in JobSeeker.	High – Remote quarantine under discussion with NSW rejecting the idea, VIC discussing base near second intl' airport, federal expansion planned for NT likely postponed until after cyclone season.	Medium – Ongoing disagreement about states' intl' arrival caps and approach to contact tracing and borders; debate emerging about state vaccine allocations.	VIC snap lockdown set to end on 18 Feb; Pfizer rollout begins on 22 Feb after security and quality-assurance checks; increased JobSeeker set to end on 31 Mar.
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 and 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 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. Ambitious target of vaccinating the entire over 60 population (~15mn) by end April looks overambitious.
Indonesia	The government is shifting from provincial-level restrictions to micro-level measures at the neighborhood level.	The government is moving to the second phase of its rollout, which will include active adults, in addition to frontliners and the elderly, to hasten the economic recovery.	~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 370,000 infections, but new daily cases are falling, suggesting successful management.

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Turkey	Curfews continue for weeknights and full weekend lockdowns. Ankara is considering easing restrictions according to the province/district if they are to report lower numbers of infections.	Almost 4mn people have received the first dose of the vaccine. By the end of March, the inoculation drive is expected to reach 13mn people. A goal that looks attainable.	While the annual budget deficit target is 4.3% of GDP, President Erdogan said the target has been revised to 3.5% of GDP. As no new measures have been announced, confusion prevails.	Low – The rolling 7-day average of new daily cases is ~7,800. On 15 Feb, the authorities started to share the 7-day averages of new cases in each of the country's 81 provinces.	Medium – Turkey resumed in-person education for rural schools and kindergartens on 15 Feb. Schools in urban centers will remain shut for a while longer.	A member of the Health Ministry's Coronavirus Scientific Advisory Board warned that coronavirus variants exclusive to Turkey are in circulation in the country. It is still unclear how they could affect the outbreak.
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 in late February with the Sinovac vaccine. AstraZeneca may arrive by the spring, but the bulk will be from locally procured vaccines starting in April or May.	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	Strict and lengthy lockdown failed to avoid spread of virus. Cautious easing of restrictions reflects public fatigue and economic pressures as much as epidemiological rationale.	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; freeing 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. AZ vaccine produced by India's Serum Institute expected to arrive this week. Under revised timetable, 2mn doses of Sputnik V expected to arrive over second half of February.

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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) 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.	Speed of vaccine procurement and rollout. Vaccine efficacy against B.1.351/501Y.V2 variant.

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