

## 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.	75.2mn Americans have received at least one dose of the vaccine and 24.8mn people are fully vaccinated. Daily vaccinations are averaging ~1.7mn.	The House passed the USD 1.9tn American Rescue Plan, which will now be reconciled and taken up by the Senate.	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 to propose digital vaccination passport.	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	Recent outbreak in northern China 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. Administration to healthcare workers began in late Feb. Pfizer vaccine approved, AstraZeneca approval expected in early Mar.	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. New Covid legislation enables fines and incentives to drive compliance with restrictions.	Medium – National government is under public and local government pressure to take more action as 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. State of emergency extended in 10 prefectures to 7 March.
Germany	Merkel meeting with state leaders might lead to agreement on the easing of some restrictions as of mid-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	Cases numbers are declining, and provinces have begun to ease restrictions.	General vaccination campaign began this week following the vaccination of healthcare workers and long-term care homes. Canada will receive close to 1mn doses/week as of next week.	Proposed CAD 100bn stimulus plan. Analysts have warned that the government is accumulating too much debt and making investments that will fail to increase growth.	Medium – As cases decline, hospital capacity has eased, but public health officials are warning Covid-19 variants could cause a third wave.	Medium – New Democrat Leader Jagmeet Singh says he won't trigger an election during the pandemic, providing some security to the minority Liberal government.	Case counts continue to decline, while vaccine distribution begins to ramp up.

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India	Amid fewer restrictions in most states, the second phase of inoculation began on 1 March: persons above 60 and those above 45 with co-morbidities.	While phase 1 (health workers, police and defense personnel) remains incomplete, phase 2 has begun with Prime Minister Modi becoming the first Indian senior citizen to take the injection.	Almost INR 30tn (USD 402bn), or 15% of GDP. Largely aimed at tourism, construction, and small business. A big privatization exercise underway, including the IPO of state-owned Life Insurance Corporation.	Medium – Extensive vaccination planning. But full timeline unclear. Vaccine may be made available over the counter; 4 more vaccines underway. Charges for vaccination capped at INR 350 (USD 5) per dose	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 the population will be vaccinated by Sept.
United Kingdom	Exit from English lockdown envisaged in several stages, until late June.	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.	Schools to reopen as of 8 March.
France	6pm-6am curfew still in place. Additional restrictions imposed in Alpes-Maritimes region and Dunkirk.	Vaccines supplied by EU joint purchases. ~50% of doses administered. Government to allow delivery of AstraZeneca vaccine in the workplace and potentially to over-65s.	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, which has increased in the last week.	Medium – Macron's decision not to introduce a third lockdown has widespread support but around half the population believes he is not doing a good job on the economy.	New localized restrictions will probably be announced ahead of this weekend.
Italy	The government is due to announce a revised set of restrictions. The decree is expected to be approved by 5 March and will stay in place until 6 April. The regional tiered system will remain in place.	Rome may follow the example of the UK government and proceed with a mass vaccination using all available doses, without setting aside some of the vaccines for second shots, to accelerate the process.	Ravaged by the pandemic, the economy shrank by 8.9% in 2020, the Italian National Institute of Statistics said on 1 March. The budget deficit was 9.5% of GDP, below Rome's forecast of 10.8%.	Medium – For the first time since the end of January, two regions – Basilicata and Molise – were placed in the strictest red zone. Three other regions also saw restrictions increase.	Medium – The decision to keep current measures in place comes despite increasing pressure from business groups and right-wing politicians pushing for the reopening of cinemas, theatres, gyms, pools and restaurants.	A ban on the layoff of employees for economic reasons and with retroactive effect in force since last Spring is due to expire on 30 March. A further extension, possibly with new conditionalities, is expected.
Brazil	With the weekly variable death average at the worst level so far, at least 12 states are increasing restrictions, including curfew and limited business hours.	Health Ministry signed contract for purchase of 20mn doses of Covaxin (India) vaccine to be delivered between March and May. Covaxin needs ANVISA's approval to be distributed.	Emergency assistance delayed by difficulty to fund it without breaking fiscal rules – likely through extraordinary credits to allow it outside the budget ceiling.	Medium – 8 states (out of 27) with over 90% ICU occupancy; mostly in North, South and Northeast regions. Supreme Court ruled for Federal Government to pay for ICU beds in states.	Medium – President Jair Bolsonaro attacks governors for new restrictive measures. Governors criticize Bolsonaro's denial campaign as cases significantly increase.	Constitutional amendment to be voted on 2 March to cut spending and fund emergency assistance but not mandatory spending on health and education.
Russia	Reopening continues. Masks remain mandatory, limits on mass events in most regions. Majority of businesses and public services are functioning under sanitary regime.	Relying on domestic vaccines, mostly Sputnik V. Aims to vaccinate 69mn residents (20mn in Q1). As of 26 Feb, an estimated 4.0mn residents (2.7% of population) have received first jab.	On 1 March, the government approved a new preferential lending scheme for the most-affected sectors valid until 1 July. Small business inspections suspended until 31 Dec.	Medium – Varying healthcare capacity across the country. High levels of vaccine skepticism. Low transparency of vaccination campaign. Limited production of vaccines.	Medium/High - Main decisions/strategy taken at federal level, but regional administrations are responsible for restrictions and vaccination.	Current wave is retreating, but a new wave is possible given limited restrictions, slow vaccination progress and the spread of new variants of the virus.

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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 <sup>th</sup> 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 yet to be determined if extended social distancing guidelines over Lunar New Year were effective at stopping new clusters.
Spain	Regional governments still in control of the pandemic.	Vaccines supplied through EU initiative. National strategy but regions lead roll-out. ~90% of current supplies administered. Goal is to immunize 70% of population by summer's end.	Short-term employment scheme covering ~3mn workers extended to 31 May.	Medium – Epidemiological indicators improving across most regions.	Medium/Low – Lack of coordination between central government/regions and intra-government tensions, but ruling coalition likely to remain together.	Regions are likely to outline in the coming days whether they will lift some of the restrictions ahead of the Easter break (1-4 April).
Australia	VIC eases gathering limits and mask rules; NSW eases rules for gatherings, gyms, cinemas; VIC government seeks to extend state of emergency.	Vaccine rollout continues; first batch of AstraZeneca and second of Pfizer arrive; QLD doctor accidentally gives vaccine overdoses to two nursing home patients.	May Federal budget is likely to include recovery measures.	High – sewage data continues to support health authorities in calling for testing; VIC to trial hotel quarantine robots to monitor breaches.	Medium – QLD refuses to repay NSW for hotel quarantine of QLD residents until Prime Minister approves a proposed QLD quarantine hub.	Covid supplement to JobSeeker unemployment payment ends on 31 Mar, permanent AUD 50 fortnightly increase begins on 1 Apr.
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); Sinovac (10mn doses); and COVAX. Vaccinations began slowly, increasing in late-Feb. 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 down but deaths remain high and lack of testing undermines clarity. Target of vaccinating all over 60s (~15mn) by end April looks overly ambitious despite slow rise in vaccination numbers.
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	Infections have spiked in recent weeks, prompting the country to close restaurants, bar gatherings, and ban travel from 20 countries. Some internal travel also stopped.	Vaccinations began in Dec, rollout slowed after <2% of the population was vaccinated. Government has secured an unknown number of doses of SputnikV and Pfizer-BioNTech (the only approved vaccine).	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 377,000 infections, and new daily case numbers have begun to increase once more.

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Turkey	Existing restrictions will be gradually eased from 1 March. Each province will be rated according to 4 different risk levels and reviewed every two weeks.	Almost 8.8mn people have received the first dose of the vaccine, and 1.8mn have received a second dose. Ankara is planning to procure 105mn further doses by the end of April, most likely from China.	Concern about the durability of the current more orthodox monetary policy settings have re-emerged, with a negative impact on the Turkish Lira.	Low – The rolling 7-day average of new daily cases is ~9,000. Last week, infections surpassed 9,000 daily cases for the first time since mid-Jan.	Medium – Face-to-face education in primary schools, as well as eighth and 12th grades, will resume on 2 March. Health professionals have denounced the move as “premature and risky.”	President Erdogan has indicated that economic reforms will be announced in two weeks. Erdogan made a similar pledge last Nov.
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 31mn 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 of the ‘eased lockdown’ introduced in Sep-20 last renewed on 26 Jan; reviewed periodically. Surge in infections since December has so far not triggered a major review.	Inoculate 40% of the population in 2021, 70% by end-2022. Government expects 58mn vaccine doses from COVAX (16mn) and the African Vaccine Acquisition Task Team (AVATT, 42mn). Government interest in procuring Sputnik V and Chinese vaccines.	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 rollout underway to cover 12mn people, deliveries are behind schedule. As of 28 Feb, 1.73mn doses distributed around the country, but only 1.04mn have been administered. 23.6mn AstraZeneca doses on order; deliveries started late-Feb.	~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 – President boosted by early action but hurt by slow lifting of restrictions, economic impacts, and scandal over government insiders receiving early vaccines. Occasional tensions between Buenos Aires and provincial authorities.	Slower-than-expected vaccine deliveries a continuing challenge. Government credibility and public confidence in vaccine program shaken by scandal over government insiders receiving preferential access to vaccines.
South Africa	Lockdown eased to “Level 1” on 28 February, maintaining limited night-time curfew, and some limits on gatherings.	Plans to vaccinate 40mn people in 2021 but procurement slow. 40-50mn doses in pipeline; limited, trial-based rollout of J&J vaccine started on 17 Feb.	24 Feb budget targets vaccine spending, infrastructure, tax relief and limited Covid-19 social grants, but room for fiscal stimulus is largely exhausted.	Medium – A second wave has peaked, easing strain on public and private health services.	Medium – The handling of PPE and vaccine procurement and distribution are stoking controversy.	Speed of vaccine procurement and rollout. Vaccine efficacy against B.1.351/501Y.V2 variant.

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