

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 many states and cities continue to roll back restrictions. The CDC released new guidelines doing away with mask mandates for fully vaccinated persons.	157.5mn Americans have received at least 1 vaccine dose, and over 123.3mn are fully vaccinated. Just over 1.84mn new first doses are being administered per day.	Congress continues to focus on infrastructure, weighing components of President Biden's American Jobs Plan and the GOP's more modest infrastructure proposal.	Medium – Most states have health system capacity, but tracing and testing is shaky. Reopening remains political, though is accelerating as more Americans are vaccinated.	Medium – Democrats have narrow majorities in the House and Senate, potentially limiting landmark legislation.	Lawmakers continue to focus on passing an infrastructure package, and Democratic lawmakers want to see Congress pass President Biden's American Families Plan.
European Union	Travel restrictions and testing requirements inside Schengen zone; digital vaccination passport likely before end-Jun.	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; criticism of joint vaccine procurement.	Medium – Different positions persist, but overall approach to crisis response is more proactive than after the 2008 financial crisis.	Commission is still waiting for some national recovery plans to be handed in – deadline was 30 April.
China	No major outbreaks in 2021, and lockdown measures have been eased.	298mn vaccines administered by May 1 (including second doses). Goal to reach 40%, or 540mn people, by end-Jun and 64% by end-2021.	Monetary and fiscal policy is tightening, but a program offering targeted credit support and loan-repayment extensions to small businesses has been extended through end-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.	Inbound travel restrictions remain tight, but the government is exploring "vaccine passport" initiatives with Asia and Europe.
Japan	The government on 14 May added three more prefectures to the state of emergency (until 31 May) that already covered Tokyo and most of the country's major urban areas.	So far only 3% of the population has received at least one dose of the vaccine. Japan has the worst vaccination rate among members of the OECD. A rigid drug approval system has been blamed for the slow rollout.	Preliminary GDP data for Q1 is due on 18 May. The economy likely shrank around 4.5% on an annualized basis in Q1. For the full year, expectations have been revised down to a 3.6% growth from 3.9%.	Medium – Strained hospital and ICU capacity, limited contact tracing. New legislation enables fines and incentives to drive compliance with restrictions.	Medium – Support for PM Yoshihide Suga fell to 32.2%, the lowest since he took office. Suga faces an election for leadership of the ruling Liberal Democratic Party in Sep, and a general election that must be held by Oct.	With less than 70 days before the start of the Olympics in Tokyo, opposition to the event is increasing due to worsening of the pandemic. Doctors and nurses have emerged as outspoken opponents of the Tokyo 2020 Games.
Germany	Federal government is trying to coordinate regional states' approach to easing restrictions.	EU's new Johnson & Johnson contract has raised hopes of faster vaccination rates in May and June.	EUR 350bn+ in fiscal measures, EUR 800bn+ guarantees; tax delays, short-time work, 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.	Debate about further vaccine demand for potential booster shot as of late-2021.

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Canada	Stay-at-home orders and curfews continue to be upheld, but government officials hint towards easing measures.	Canada has officially passed the 50% national vaccination milestone, with over 200,000 daily doses being administered.	Provinces across the country continue to maintain tight restrictions on lockdown measures with gradual reopening expected to take place through the summer. Government help programs continue to be expanded and extended.	High – With more and more Canadians receiving their first doses of the COVID-19 vaccine, the country's public health authorities have stated that the worst of the Third Wave has passed.	High – Prime Minister Justin Trudeau continues to soar above opposition party leaders in recent voter intention polls following drops in approval for the country's oppositions and a surge in vaccinations	Government officials have stated that this summer should see fewer restrictions in place than last summer amidst drops in cases and spikes in vaccination rates.
India	As infections rise, new restrictions are being imposed on many states (curfews and restricted entry to malls, markets, public transport). Phase 3 vaccinations (for those 18+) are accelerating, but severe shortages.	Severe vaccine shortages adding to chaotic hospital scenes, and states granted greater control over managing supplies. Government extended time between two jabs of domestically produced Covishield; export restrictions on some vaccines (and Remdesivir). For the first time, government warns of dangers of blood clots, especially from AZ vaccine	Central Bank's INR 500bn pharma and health sector package prioritizes lending to hospitals, oxygen suppliers, etc. INR 30tn package (15% GDP) in place to support tourism, construction, small businesses. Privatization scheme underway with airports a likely target.	Low – Vaccines in very short supply, but available over the counter from 1 May with charges capped at INR 350/dose and free at state-run hospitals. Hospital beds, ventilators, oxygen all running dangerously low. Oxygen use for non-medical reasons banned. Foreign aid pouring in.	Medium – State governments largely support the federal regime, but criticism continues over low-income support. Low vaccine supplies are threatening to become a political issue. Concern with insufficient testing.	A decision on reopening international flights pending. Government says half the population will be vaccinated by Sep, which now seems overly optimistic amid severe surge in cases.
United Kingdom	Hospitality providers have now fully reopened, and the blanket travel ban has ended.	The number of vaccinations administered in the UK still vastly outperforms the effort in the neighboring EU.	In total ~GBP 300bn. Companies now paying more for the furlough scheme. Plans to extend the scheme locally past Oct.	Medium – Questions around testing and tracing, and the cost of support measures; however, vaccination record is very positive.	Medium – Government has large majority, but political contestation over government's crisis response.	Concern about next reopening stage on 21 June as Indian variant keeps spreading locally.
France	Four-stage exit from lockdown kicked off on 3 May.	Vaccines supplied by EU joint purchases. More than 29.48% of the population has received first dose. Vaccination open to over-18s provided spare doses are available.	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 deployed from May.	Medium – The number of cases, hospitalizations, and ICU patients are all declining.	Medium – Low confidence in the government, but a majority of the public supports "return to normal" strategy (e.g. 60% in favor of health pass).	Outdoor hospitality and cultural facilities will reopen from 19 May (with restrictions). Government may allow everyone to get the job ahead of 15 June as originally scheduled.

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Italy	Italy began gradually easing its lockdown on 26 Apr. All but one of Italy's 20 regions will be under relaxed restrictions (yellow zone) from 17 May.	~13.5% of the total population has both vaccine doses. The pace of inoculations has stepped up in recent weeks, but the 7-day daily average still below 500k.	Rome submitted its recovery plan to the EC. Italy is set to receive EUR 191bn, including EUR 69bn in grants, over a period of 6 years.	Medium – Even if daily new cases have fallen, the health system remains under pressure. Italy still reports hundreds of fatalities per day (the 7-day rolling average is 196).	Medium – The decision to keep in place until 1 Jun a nationwide 10pm curfew has created turmoil within the ruling coalition. The Lega wants to scrap the curfew.	A state audit court rejected a plan to pump public funds (EUR 50mn) into local biotech company ReiThera to produce Italy's own Covid-19 vaccine.
Brazil	Weekly variable average decreased to 1,915 deaths, a 9% decrease in one week. States relaxing restrictions, but imminent risk of third wave.	Vaccination campaign stumbling due to lack of Active Pharmaceutical Ingredient (API) from China amid row between China and Brazil.	Recovery stronger in Q3. Economy ministry underestimated the impact of Covid-19 and did not make allocations to fight it in 2021.	Low – Public Health System occupation still above 90% in 5 states but below 80% in 17.	Medium – Senate inquiry moving quickly to request indictment of the president for health-related crimes and crimes against life.	The worst moment for the government in the Senate inquiry on the handling of the pandemic is expected to occur 19 May when former health minister, Army General Eduardo Pazuello, testifies.
Russia	Daily infections and deaths started rising in largest cities. No new restrictions imposed, but face mask regime likely be kept for foreseeable future.	As of 17 May, an estimated 14.3mn people (9.8% of population) got first dose, and 9.7mn (6.6%) were fully vaccinated. 62% of population do not want to get vaccinated with Sputnik V.	Tourist cash-back program for children to be extended until 15 Sep. To date, government allocated RUB 2.5tn (USD 34bn) to support economy according to PM Mikhail Mishustin.	Medium – Varying healthcare capacity across the country. High vaccine skepticism; limited transparency of vaccination campaign; still limited production of vaccines.	Medium/High - Main decisions/strategy taken at federal level, but regional administrations are responsible for restrictions and vaccination.	It is important to watch whether the rise in new infections continues.
South Korea	Seoul, Busan, Ulsan at Level 2 (3 rd highest level) social distancing, South Joella at Level 1, rest of country at Level 1.5 (4 th highest). Current measures until 24 May. No private gatherings >5 except for family. Fully vaccinated exempt from quarantine, and travel opening outside country.	4.5mn vaccinated at least once as of 14 May, only 1.8% population fully immunized; targeting herd immunity (70% vax rate) by Nov 2021. NOVAVAX (20mn doses) scheduled for Sep 2021 roll out; AZ vaccines for 417,500 people arrived 13 May; announcement 12 May that Pfizer to be distributed to under 30s.	Fourth relief package approved by National Assembly 25 Mar mainly for small business and unemployed. Total package worth KRW 19.5tn (USD 17.4bn), including KRW4.5tn carried over from the previous package.	High – As of 20 Apr, ICU capacity remains stable. Capacity to test, trace, isolate remains intact. Cluster infections continue.	Low/Medium – Negative public view of slow vaccine rollout/procurement evident in ruling party losses in Seoul and Busan mayoral elections. Churches and SMEs still oppose social distancing. Seoul's new conservative mayor pushing for more business-friendly distancing rules.	Government pushing for vaccine swap or production agreement as deliverable out of 21 May Moon-Biden summit.
Spain	Regional governments are still in control of pandemic management.	Vaccines supplied through EU initiative. National strategy, but regions lead rollout. 14.7% of population fully immunized. Goal to immunize 70% by summer's end.	Short-term employment scheme covering ~3mn workers extended to 31 May. Extension to 30 Sep currently in the works. EUR 10bn package to support SMEs and the self-employed.	Medium – Nationwide epidemiological indicators seem to be improving, but images of outdoor gatherings after the end of the state of alarm are raising concerns.	Medium/Low – Coordination between central government and the regions still a problem. Courts producing contradictory rulings on region's restrictions.	Employers and trade unions are expected to reach an agreement on the extension of the state-sponsored furlough scheme in the coming days.

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Australia	Perth eases restrictions from 15 May; Sydney eases restrictions from 17 May; passenger from repatriation flight from India tests positive.	More than 3mn vaccine doses have been administered; government deal for 10mn Moderna doses this year, 15m in 2022; government announced funding for mRNA manufacturing.	2021 Federal Budget focuses on job creation and economic recovery with income tax cuts, business tax breaks, spending on social services including aged care and mental health.	High – Government to coordinate with Qantas to avoid infected passengers boarding flights from India; WA to introduce new Covid-19 testing protocol for overseas arrivals.	Medium – Debate around re-opening borders more quickly, allowing vaccinated people to travel; NSW urges other states to take in more returned travelers.	Budget reveals government expects international travel to remain low through to mid-2022.
Mexico	Traffic light system is controversial and arguably discredited after delay in recognizing “second wave” of cases. Official messaging often muddled and contradictory.	Contracts with Pfizer (34mn doses); AZ (77.4mn doses); CanSino (up to 35mn doses); Sputnik V (24mn doses); Sinovac (10mn doses); Sinopharm (12mn doses); and COVAX. Deliveries subject to delays.	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; a lack of 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.	Some 23.1mn vaccines have been administered as of 15 May amid indications that new cases continue to fall. The government said it is aiming to have all the adult population inoculated by end Q1 2022.
Indonesia	Government has shifted from provincial-level restrictions to micro-level measures at neighborhood level.	Second phase vaccine rollout, which includes active adults. But a slowdown in AZ supplies from India expected in Apr has led to volatile daily vaccination rates.	~4.8% of GDP for healthcare, social welfare, support for MSMEs, SOE bailouts. Reforms to attract investment and new sovereign wealth fund launch this year.	Medium – Testing capacity has improved in recent months, but demand for ICU bed capacity, while well below critical levels, is still vulnerable to a serious spike.	Medium – Government has broad support for most pandemic economic and health policies, but labor is unhappy with some reforms.	Restrictions adjusted based on public and government perceptions of risk and locations where cases are concentrated.
Saudi Arabia	The authorities have started enforcing a decree requiring workers in certain commercial activities to get vaccinated or undergo weekly testing.	Vaccination pace is picking up, with around 11mn doses administered. Vaccination will be required for all employees in public and private sectors.	Saudi GDP is expected to grow by 2.4% in 2021. The recovery will be supported by the large Public Investment Fund projects underway.	Medium – MERS-spurred investments. Institutional capacity is mixed; expatriate population lives in close quarters. Shutdown vigorously enforced.	High – The government has aggressively suppressed dissident voices, and there is little opposition to its actions.	Saudi Arabia is about to start reopening. With many Indian workers, it will be a priority to ensure there is not a new spike in infections.
Turkey	Gradual lifting of lockdown restrictions will start 17 May. Curfews will remain in place on weeknights and during weekends.	Almost 25mn vaccine doses administered since mid-Jan. Around 10.5mn people have received both doses. Vaccine supply remains an issue. Rollout slowed over past few weeks.	On 13 May, Lira fell to weakest level against the USD since record low in Nov. Further losses may be in store, pointing to a deterioration in investor sentiment.	Low – Experts warn that dramatic drop in number of Covid-19 tests is masking true scale of the disease’s spread as the country prepares to open for tourists next month.	Medium – A new batch of Sinovac vaccines arrived on 13 May, though the quantity yet to be announced. Turkey has a deal for 100mn doses with China’s Sinovac.	Unless Turkey can procure substantially more vaccines, widespread immunity will not be possible before spring 2022.

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Thailand	Color-coded system signals threat level in provinces. Government has been tightening business restrictions to prevent spread of "UK variant."	Vaccine rollout started with Sinovac vaccine, and broader AZ rollout has started. Limited supply is slowing vaccinations, causing Thailand to explore new orders and liberalize private importation.	Tourism remains a major concern. An asset warehousing plan to help heavily indebted tourism enterprises may be formally unveiled in the next few weeks.	Medium – Improved capacity for testing, but border controls are a concern as Thais returning from neighboring countries seem to be source of outbreaks.	Medium – Policy is accepted but government seen as ineffective in other areas (economy); consequently, there may be more focus on growth.	Government is attempting to contain the worst spike since the pandemic's start, and a sustained increase in new cases in the next two weeks could trigger tighter restrictions.
Sweden	Concern about efficacy of vaccination-related outreach to population with migration background.	Pause on J&J means there are not enough supplies to meet mid-August target to offer all adults a first dose of the Covid-19 vaccine; deadline pushed to 5 Sep.	SEK 812bn in tax delays, credit guarantees; wage subsidies, SEK 500bn business loans, SEK 300bn bond buying.	Medium – Institutional capacity high but initial no-lockdown strategy was especially problematic in care homes.	High – Minority government with broad parliamentary support.	National target of at least one vaccination shot for every adult has been pushed back to 5 Sep after J&J vaccine pause.
Nigeria	Stage 4 of the 'eased lockdown' entered into effect on 11 May. Essentially reinforces measures in place since 4 Sep 2020.	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). Looking to procure Sputnik V, 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 both remain very weak.	Medium – Gradual reopening softens economic grievances but could be challenged by rising caseloads. Vaccination rollout could be hampered by mistrust of state institutions, particularly in the majority Muslim north.	Oil production, GDP and trade data; response from World Bank to request for a USD 1.5bn loan.
Argentina	Strict and lengthy lockdown failed to limit Covid-19 spread. Tightening of restrictions from Mar 2021 amid second wave, with restrictions to last until at least 21 May.	Vaccine rollout underway, but heavily reliant on Sputnik V and deliveries are behind schedule. As of 17 May, 10mn doses have been administered representing 22.2% of the population.	6% of 2020 GDP, includes direct cash transfers, freezing of utility tariffs, and lowering of bank loan requirements.	Low – Health system has managed to avoid collapse but remains under pressure. Testing rates remain relatively low.	Medium – Presidential authority eroded by slow lifting of restrictions, economic impacts, and scandal insiders receiving early vaccines. Worsening tensions between Buenos Aires and provincial authorities.	Slower-than-expected vaccine deliveries an ongoing challenge amid rising caseload and spread of new variants at onset of autumn/winter. Hospital system remains under pressure.
South Africa	Lockdown eased to Level 1 on 28 Feb, maintaining limited night-time curfew; limits on gatherings.	Plans to vaccinate 40mn people by Mar 2022 but rollout slow. 61mn doses contracted from J&J and Pfizer. 'Trial' rollout of J&J vaccine started 18 Feb; phase 2 on 17 May.	24 Feb budget targets vaccine spending, infrastructure, tax relief, and limited Covid-19 social grants, but ballooning debt is forcing fiscal consolidation.	Low – Second wave severely strained public and private health services; signs of third wave and new variants (B.1.617.2) emerging ahead of winter (Jun-Aug).	Medium – Slow vaccine procurement and rollout, as well as periodic lockdown measures, are fueling opposition.	Speed of vaccine procurement and rollout as third wave expected. Vaccine efficacy against B.1.351 variant.

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