

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 following the CDC's new guidelines.	176.3mn Americans have received at least one vaccine dose, and over 148.5mn are fully vaccinated. Just over 1.36mn new first doses are being administered per day.	Congress continues to focus on voting reform and appropriations, as the White House and lawmakers continue to negotiate on an infrastructure package.	Medium – Most states have health system capacity, but tracing and testing is shaky. Reopening accelerates as more Americans are vaccinated, despite vaccination rates leveling off.	Medium – Democrats have narrow majorities in the House and Senate, potentially limiting landmark legislation.	Lawmakers focused on reaching an agreement on a major infrastructure package, and FY 2022 appropriations packages before current spending levels expire on 30 Sep.
European Union	Digital vaccination passports will be introduced as of Jul; technical interoperability of national systems is a potential challenge.	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 President is travelling to European capitals to sign off on national recovery programs.
China	Authorities imposed mass testing, travel restrictions, and selective lockdowns in response to Guangzhou outbreak.	845mn vaccines administered by 10 Jun (includes second doses). Goal to reach 40% fully vaccinated (540mn people) by end-Jun and 64% by end-2021.	Monetary and fiscal policy is gradually tightening, but a program offering targeted credit support 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 state of emergency in nine prefectures was lifted on 20 Jun but "quasi-emergency" measures remain in place in seven of them, including Tokyo, until 11 Jul.	So far less than 17% of the total population has received either one jab or is fully vaccinated. After a slow start, the rollout has ramped up. The government is aiming to inoculate 1mn people per day from end-Jul.	The economy retreated by an annualized 3.9% in Q1. On 18 Jun, the Bank of Japan launched a scheme to provide funds to financial institutions that increase loans and investment for activities aimed at combatting climate change.	Medium – The rolling 7-day average of daily cases is now around 1,500. It was above 7,000 in early May. A state of emergency remains in Okinawa, where hospitals are still overwhelmed,	Medium – A growing chorus of voices from medical associations to business leaders, including the heads of Rakuten and SoftBank, have been calling for the Olympics to be postponed again, or outright cancelled.	With barely a month left until the Olympics opening ceremony, organizers announced on 21 Jun that spectators during the games will be limited to 10k fans per venue. Foreign spectators have been barred from attending the Games.
Germany	Falling infection rates mean restrictions continue to be rolled back locally, based on local incidence values.	New J&J delays raise risks for vaccination campaign's progress during summer.	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.	Fiscal policy will play a key role in the campaign, as CDU/CSU promise return to "black zero".

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Canada	Faced with a drop in active Covid-19 cases and increased immunization, provinces are accelerating their reopening timelines.	Over 75% of Canadians have now received their first dose, and close to 20% having received their second.	Canada's real estate association has revised its home price forecast higher, predicting the nation's average selling price will jump by 19% this year, even as activity continues to moderate across most of the country.	High – As more Canadians receive a second dose, ICUs are emptying out and daily cases are dropping. Non-urgent surgeries and care appointments are reopening across the country.	Medium – While the Prime Minister saw favorable poll results in previous months leading up to an election, his favorability has dropped slightly in recent weeks, making a possible majority government win less likely and possibly delaying when elections will be called.	Canada has become the world leader in terms of share of population inoculated with at least one dose of the vaccine, recently nudging out Israel after doling out at least one dose to more than 75% of citizens.
India	As the surge recedes, lockdown has been relaxed in many provinces. Phase 3 vaccinations (18+) accelerating.	Government centralized vaccine procurement and supply; time extended between two jabs of Covaxin; export restrictions on some vaccines, Remdesivir; Sputnik V likely available end-Jun.	GDP growth under pressure. INR 500bn pharma/health sector package; INR 30tn package to support small business, tourism, construction. Spending on health infrastructure a priority over compensation to families for Covid-19 deaths.	Medium – Hospital beds, ventilators, oxygen somewhat stable now. Oxygen use for non-medical reasons banned. Foreign aid pouring in. Vaccine supply remains an issue, but centralization of pandemic management has reduced waste.	Medium – State governments largely support the federal regime, but criticism continues over low-income support. Opposition Congress Party is warning of inadequate preparedness for third wave.	Government told the Supreme Court the entire population will be vaccinated by end of year, which seems overly optimistic with only 3.4% fully vaccinated at present. Prediction that a third wave will hit in 2-6 weeks.
United Kingdom	Government is hopeful that delayed 19 Jul reopening can go ahead.	Further expediting vaccination efforts will be difficult if AstraZeneca is to be avoided among younger cohorts.	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; but vaccination record is very positive.	Medium – Government has large majority, but political contestation over government's crisis response.	An extension of customs-related grace periods for Northern Ireland is likely.
France	Four-stage exit from lockdown kicked off on 3 May. Next stage of lockdown exit, which includes removal of curfew, kicks in on 30 Jun.	Vaccines supplied by EU joint purchases. More than 48% of the population has received first dose. 18+ population able to get appointment for vaccine from 31 May.	Long-term furlough scheme for specific firms. An additional EUR 15.5bn has been added to the 2021 budget to cover the extension of support mechanisms until end-August.	Medium – The number of cases, hospitalizations, and ICU patients are declining. Delta variant represents around 2-4% of all new cases	Medium – Confidence in President Emmanuel Macron has continued to rise in recent weeks, but another surge in cases would create serious blowback.	Center-right opposition to do well in second round of regional elections on 27 Jun. However, the vote is unlikely to have a strong bearing on the 2022 presidential election.
Italy	All regions but Valle d'Aosta dropped restrictions from 21 Jun given further decline in infection rate. Only mask-wearing and social distancing rules remain in place in "white zones."	~27% of the total population has both vaccine doses, another 26.7% waiting for second jab. Vaccination appointments opened to everyone 16+ from 3 Jun.	Italy's national recovery plan will be approved by the EC on 22 Jun. Rome could receive an early tranche worth around EUR 25bn as soon as next month.	Medium – The Rt reproduction number remained stable at 0.69 last week. The 7-day rolling average for daily deaths has fallen to 17.	Medium – While verifications have been ongoing regarding the use of the AstraZeneca vaccine and the risks of thrombosis, Rome has now authorized a mix of vaccines for the second dose.	The government is debating the option to lift the mask-wearing mandate for outdoors: a decision should be made soon, and the obligation might be removed from early Jul.

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Brazil	Weekly variable death average on the rise again. Second highest number of daily cases overall registered on 18 Jun at more than 98,000.	30.4% of the population received first jab, 11.5% both jabs. Additional 44mn doses to be delivered in Jul.	Growth estimated at close to 5% for 2021. New round of assistance still expected for Aug, Sep once the government decides on new cash transfer program.	Low – Public Health System occupation still above 90% in 9 states but below 80% in another 8.	Medium – A second mega-protest in more than 100 cities against President Bolsonaro and in favor of vaccination on 19 Jun added to pressures for indictment or impeachment.	New mega-protests were organized by left-leaning parties and labor unions – thus limiting centrist-voter participation. Talk of impeachment reemerging as protestors hit the streets despite pandemic risks.
Russia	Seven-day average of new infections rose above 16,000 – highest level since Feb. Multiple regions/cities are tightening restrictions, but lockdowns are not planned for now.	As of 22 Jun, an estimated 19.9mn people (13.6% of population) received first dose, 15.5mn (10.6%) were fully vaccinated. Regional authorities are rolling out compulsory vaccination.	President Vladimir Putin announced several investment initiatives focusing on infrastructure, healthcare and education during his address at the ruling United Russia congress on 19 Jun.	Low – Public health facilities are struggling to cope with surging inflow of Covid-19 patients. Regular medical services are restricted to unvaccinated residents.	Medium/High - Main decisions/strategy taken at federal level, but regional administrations are responsible for restrictions and vaccinations.	Rising infections could lead to additional and longer-lasting restrictions, particularly in key cities. Important to watch whether compulsory vaccination significantly boosts vaccine program progress.
South Korea	Seoul, Jeju, Daegu at 3 rd highest (Level 2); rest at 4 th -highest (Level 1.5). Distancing rules until at least 4 Jul with some early easing. Private gatherings and event capacity restricted. Travel advisory for overseas travel until 15 Jul.	Targeting herd immunity (70%) by Nov. 7.6% fully vaccinated, 27.7% received first dose. Moderna approved for use, J&J arrivals started 10 Jun, 2.6mn Pfizer arriving end-Jun, 20mn NOVAVAX rolling out in Sep. Local governments offering incentives for vaccinations.	Govt reviewing extra KRW 20-30tn budget (USD 18-28bn) to support vaccine rollout, vulnerable groups; financed with tax revenue. 4 th relief package approved for small business and unemployed. Total package worth KRW 19.5tn (USD 17.4bn).	High – ICU capacity remains stable. Capacity to test, trace, isolate remains somewhat intact, but 28.1% of cluster cases untraceable. Cluster infections continue, peaking on weekends.	Medium – Negative public reaction to slow vaccine rollout evident in ruling party losses in Seoul and Busan mayoral elections. Alliance-based vaccine partnership agreed at Moon-Biden summit advocated by both ruling and opposition parties.	Target of 25% vaccinated by end Jun (13mn). Vaccines for 22mn people between 18-59 years from Jul. Agreement with Germany to work together on production/supply of vaccines.
Spain	Regional governments are still in control of pandemic management. Face masks in outdoor spaces no longer compulsory from 26 Jun.	Vaccines supplied through EU initiative. National strategy, but regions lead rollout. 31% of population fully immunized. Goal to vaccinate 70% by end of summer.	Short-term employment scheme covering ~500,000 workers extended to 30 Sep. EUR 10bn package to support SMEs and the self-employed.	Medium – Nationwide cases, hospitalizations, and ICU patients continue to decline but slight uptick of cases in some regions.	Medium/Low – Continued clashes between central government and regions regarding the management of the pandemic.	Govt remains reluctant to impose quarantine on British tourists despite lack of reciprocity and the worsening epidemiological situation in the UK.
Australia	NSW introduced restrictions effective until 1 Jul; NZ paused travel bubble with NSW until 26 Jun; WA introduced mandatory quarantine for NSW travelers; QLD & NZ reopen borders to VIC.	AstraZeneca restricted to over 60s, Pfizer accessible to people aged 50-59.	NSW state budget commits AUD 1.1bn to COVID-related programs, including vaccine distribution, PPE, pop-up clinics, quarantine hubs & AUD 100 Sydney business district vouchers; minimum wage increased 2.5% from 1 Jul.	High – Federal health officials will increase availability of Pfizer after AstraZeneca limited to over 60s. Federal government to allocate Pfizer doses to states on a population and outbreak basis.	Medium – State leaders unwilling to exempt vaccinated people from closed borders; QLD Premier wants vaccination target ahead of lifting overseas travel ban.	Federal Trade Minister has revealed no urgency in reopening international borders.

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Mexico	Easing of restrictions underway amid decline in cases since Apr. Official messaging often muddled and contradictory.	Contracts with Pfizer (34mn doses); AZ (77.4mn); CanSino (max 35mn); Sinovac (10mn); Sputnik V (24mn); Sinopharm (12mn); COVAX. Delivery delays, but rollout accelerated in May-Jun.	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 unnecessary.	Low – Divisions between opposition state governors and central government; relations between President and the private sector and media subject to regular bouts of tension.	Signs of a slight rise in cases last week after 20 weeks of declining caseloads. Over 40m vaccine doses have been administered as of 19 Jun. The government aims to have entire adult population inoculated by end Q1 2022.
Indonesia	Government shifted from provincial-level restrictions to micro-level measures at neighborhood level.	Second phase vaccine rollout includes active adults. But a slowdown in AZ supplies from India has led to volatile vaccination rates. Jakarta is opening vaccination to all adults.	~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, 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	Authorities announced proof of vaccination will be required to engage in most public events and activities and use public transport from 1 Aug.	Over 16.3mn vaccines administered. Vaccination to be required for all employees in public and private sector and mandatory from 1 Aug for employees to enter workplace.	As the non-oil economy is already rebounding and the oil economy is expected to accelerate from H2 2021, the Kingdom's GDP is projected to grow by 2.9% in 2021 and by 5% in 2022.	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 announced on 12 Jun that this year's hajj pilgrimage, which begins in mid Jul, will be limited to 60,000 vaccinated people from within the kingdom because of the pandemic.
Turkey	Gradual lifting of lockdown restrictions started on 17 May. Lockdowns that had been imposed on Sun. and curfews on weekdays will be lifted from 1 Jul.	With a population of 83.6mn, around 43mn vaccine doses administered since mid-Jan. Around 14.5mn people have received both doses.	The faster pace of the vaccination program has helped raise forecasts for economic recovery following a full lockdown in May. Full-year economic growth is now expected to be above 6.5%.	Medium – Turkey sharply accelerated vaccinations last week, delivering more than 1mn a day since 14 Jun.	Low – President Erdogan is at his weakest point in his almost 20-year tenure in office. The popularity of Erdogan and his AKP is at its lowest level.	The Constitutional Court accepted an indictment seeking the closure of the Peoples' Democratic Party (HDP) over the party's alleged links to terrorists. The HDP is Turkey's third largest party.
Thailand	Color-coded system signals threat level in provinces. Government has been tightening business restrictions to prevent spread of variants.	Vaccine rollout started with Sinovac, now broader AZ rollout has begun but faces supply-constraints. Thailand to explore new orders and liberalize private importation.	New USD 4.5bn stimulus approved for Jul to spur consumption. An additional USD 14bn borrowing program has also been approved.	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 could trigger tighter restrictions.

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Sweden	Restrictions on Nordic travelers are being lifted, but overall entry ban persists.	Pause on J&J means there are not enough supplies to meet mid-Aug 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.	Medium – Minority government lost parliamentary support amid increasing political fragmentation.	PM Lofven has until early next week to decide whether to call snap polls after defeat in parliament.
Nigeria	Stage 4 of eased lockdown began 11 May, essentially reinforcing measures in place since 4 Sep 2020.	Vaccinate 40% of population in 2021, 70% by end-2022. Government expects 58mn doses from COVAX (16mn), 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 easing economic grievances but could be impacted by rising cases. Mistrust of state institutions, particularly in the majority Muslim north, could affect vaccine rollout.	Oil production, GDP and trade data; response from World Bank to request for a USD 1.5bn loan.
Argentina	Strict, lengthy lockdown failed to limit Covid-19 spread. Mar 2021 tightening of restrictions amid second wave. Restrictions returned to their strictest level end-May, intermittent lockdowns highly likely in coming months.	Vaccine rollout underway, but heavily reliant on Sputnik V, and deliveries behind schedule. As of 22 Jun, 18.4mn doses have been administered representing 40.9% of the population.	7.3% 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 boosted by early action but eroded by slow lifting of restrictions, economic impacts, and scandal over government insiders receiving early vaccines. Tensions between Buenos Aires and provincial authorities.	The government is hoping for a ramp-up in vaccine deliveries over Jun-Jul, and for local production of the Sputnik V vaccine to make material difference. Caseload remains high though signs of decline in caseload because of restrictions imposed in late May.
South Africa	Amid third wave, lockdown increased to Level 3 on 15 Jun, including nighttime 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 – Third wave intensifying during winter (Jun-Aug). Health services strained, particularly in Gauteng province. Military drafted for support.	Medium – Slow vaccine procurement and rollout, as well as corruption, are fueling opposition. Health Minister Zweli Mkhize suspended over corruption scandal.	Speed of vaccine deliveries and rollout amid third wave. Vaccine efficacy against variants.

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