

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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Macro Research
+44 20 7186 8894
Macro@teneo.com

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 on the rise. States and cities reinstating mask mandates. The federal govt, states, and companies are considering mandatory vaccinations for employees.	197.1mn Americans have received at least one vaccine dose, and over 167.7mn are fully vaccinated. Just over 713,000 new first doses are being administered per day.	Senate-approved bipartisan infrastructure deal heads to the House; budget reconciliation process will also begin if the House passes the budget resolution.	Medium – Hospitals' capacities are nearing their limit; Many states are reinstating mask requirements and slowing reopening measures.	Medium – In light of bipartisan infrastructure legislation's passage in the Senate, the Biden administration has demonstrated its ability to govern and work across party lines.	The infrastructure deal passed the Senate; House will consider Democrats' larger reconciliation package next week. Lawmakers working to pass many FY 2022 appropriations packages ahead of expiration of current spending levels on 30 Sep.
European Union	Digital vaccination passports are operational, but national entry regimes for vaccinated travelers continue to differ.	More than 500mn doses have been distributed to member states, enough for 70% of adult population to be vaccinated by Sep.	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.	Further national recovery plans have passed the Council of the EU, but Poland and Hungary's plans will not come back for debate before the autumn.
China	Nanjing outbreak, which has spread to at least 12 provinces, has sparked new travel restrictions, targeted lockdowns, and some factory closures.	1.83bn vaccines administered by 12 Aug (includes second doses). Possibility to reach 90% fully vaccinated by end-2021, but efficacy against Delta variant is uncertain.	After plotting an exit from pandemic-related stimulus beginning in late 2020, the Politburo signaled on 30 Jul that policy will now gradually shift back towards loosening, amid signs of slowing growth.	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.	Government expected to keep most travel restrictions in place through at least early 2022, and possibly longer, to prevent outbreaks around the Beijing Olympics and the 20th Party Congress.
Japan	Japan confirmed 17,832 new cases on 15 Aug, the 13th straight day above 10k, adding to pressure on the government to expand the state of emergency that currently covers various prefectures.	Only about 37% of the population has been fully inoculated – the lowest rate in the G7. During the last week, Japan averaged about 1.6mn doses administered each day.	The economy grew an annualized 1.3% in Q2 after a revised 3.7% slump in Q1, preliminary GDP data showed on 16 Aug. Growth to remain modest in Q3 as state of emergency curbs weigh on household spending.	Medium – On 15 Aug, the number of patients with severe symptoms nationwide hit a record high for the third consecutive day. Designated hospital beds in many prefectures are fully occupied.	Medium – Support for PM Yoshihide Suga slid further below 30% in Aug in a survey by Jiji news agency. The survey underscores how the Tokyo Olympics have failed to offset the disapproval over Suga's handling of the pandemic.	The fate of Yokohama's controversial quest for a casino resort is likely to be decided on 22 Aug when voters elect a new mayor.
Germany	Children older than 12 will be offered vaccines to help ensure safe return to schooling.	Pace of vaccinations continues to create debate as race against Delta variant continues.	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.	Questions over the reliability of official vaccination statistics.

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Canada	With case counts rising and the Delta variant becoming increasingly severe, national debates are re-emerging around the government's decision to open its border to fully vaccinated international tourists.	The first vaccine passport was announced in the province of Quebec. The federal govt will mandate vaccination for travellers on domestic planes, trains, and cruise ships, including staff. Mandatory vaccination will also be in place for federal public servants.	The Parliamentary Budget Officer reported that the federal government could make CAD 177mn over 10 years from an aid deal it reached with Air Canada.	High – Fears of a 4th wave are rising as case numbers increase by 30% over the week and hospitalizations by 15%.	Medium – On Sunday, Canada's Prime Minister announced federal elections will be held on 20 Sep. In response, opposition parties have expressed their disapproval of Justin Trudeau's decision to call an election during an anticipated 4th pandemic wave.	63.1% of Canada's population is fully vaccinated.
India	Lockdown relaxed in many provinces as surge recedes, but country on alert for third wave. Phase 3 vaccines accelerate for 18+, decision this week on vaccines for under 18-year-olds.	Govt centralized vaccine procurement and supply; extended time between two jabs of Covaxin; export restrictions on some vaccines, Remdesivir. Govt likely to approve mixed vaccine doses to speed up program, but no boosters for now.	Pressure on GDP growth, but robust trade growth. INR 500bn pharma/health sector package; INR 30tn package to support small businesses, tourism, construction. Possible package to be approved for telecom sector.	Medium – Hospital beds, ventilators, oxygen stable. Vaccine supply remains an issue, but centralization of pandemic management has reduced waste. Govt warns private hospitals to keep vaccination program pace.	Medium – State govts largely support the federal regime. Third wave not ruled out.	Govt told the Supreme Court that the entire population will be vaccinated by end of year, which seems overly optimistic with only around 28.8% partially vaccinated and 8.2% fully vaccinated.
United Kingdom	Daily new infections keep falling; double-jabbed visitors from EU and US are allowed to enter UK freely.	Further expediting vaccination efforts will be difficult if AZ 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 – Govt has large majority, but political contestation over gov't crisis response.	Scotland has followed England and lifted almost all remaining restrictions.
France	Lockdown exit completed, but gov't could adopt new measures if required. "Health pass" required to participate in wide range of social activities validated by constitutional court.	Vaccines supplied by EU joint purchases. Around 57% of population has been fully immunized. Govt has made vaccination compulsory for healthcare workers.	Long-term furlough scheme for specific firms. Some support mechanisms expire end-Aug. Additional extensions possible. New EUR 20-30bn public investment plan in the works.	Medium – Hospitalizations and deaths on the rise; daily new infections seem to have plateaued.	Medium – Around 218,000 people mobilized to protest health pass last weekend; public support for the protestors remains around 35%.	Anti-health pass demonstrators are organizing a large protest to be held on 4 Sep.
Italy	A Covid-19 health pass (Green pass) became mandatory from 6 Aug to visit museums, attend live events, or dine indoors at a restaurant.	Around 57% of the population over 12 is fully vaccinated. Another 9% has received one dose. Rollout slowed in Aug due to the holiday season.	Italy's economy grew by 2.7% in Q2 from the previous three months. The EC has disbursed EUR 24.9bn to Italy in pre-financing, equivalent to 13% of the country's grant and loan allocation under the Recovery and Resilience Facility (RRF).	Medium – Delta variant now prevalent in Italy and most of the country's regions have been classified as moderate epidemic risk.	Medium – The Five Star Movement has elected former Prime Minister Giuseppe Conte as its leader – a development that could partially affect the stability of the ruling coalition.	From 1 Sep, the "Green pass" will be mandatory for teachers and university students, and to travel on trains, planes, ferries, and long-distance coaches.

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Brazil	Reduction of cases and deaths for 5th consecutive week. School return poses greatest risk for unvaccinated teenagers.	57% of the population received first jab, 24% both jabs as of 16 Aug. Sputnik vaccine purchases canceled in several states.	Growth now at 5.3%, inflation close to 7%, and interest rates above 7% for 2021.	Low – Public Health System occupation below 90% nationwide; 26 states below 80%, 19 states below 60%. Delta variant at 20% of the population.	Medium – Bolsonaro no longer interfering in vaccination purchases as he sees overall support in Congress wane.	Electoral court launched investigation of the president over his insistence on paper ballots. He'll lose that battle in a House plenary vote that should conclusively bury the idea.
Russia	New cases slowly falling but deaths are hitting new highs. Authorities are reluctant to impose harsh restrictions ahead of the 17-19 Sep State Duma election.	As of 16 Aug, 40.8mn people (28% of population) received first dose, 32.5mn (22.2%) fully vaccinated. The number of administered first doses is dropping.	Authorities are concerned about high food inflation, which increased by 7.5% y-o-y in August. Federal Antimonopoly Service (FAS) launched unscheduled inspections in grocery retail chains.	Low – Public health facilities remain under significant pressure as evidenced by record death rates.	Medium/High - Main decisions/strategy taken at federal level, but regional administrations are responsible for restrictions and vaccinations.	Start of schoolyear in Sep could raise infection levels. Vaccine skepticism remains high – 55% of population still reluctant to get inoculated.
South Korea	Highest level 4 restrictions extended to 22 Aug for Seoul. Restrictions tightened across most of country ahead of peak holiday travel; social distancing curbs extended by 2 weeks. Govt urges people to cut holiday travel amid worsening 4 th wave.	As of 16 Aug, 19% fully vaccinated, 43% received first dose (targeting 70% before Nov). School vaccination programs underway and at some private companies too. 29mn vaccines to arrive in Aug, 42mn in Sep. Deal signed to buy 22mn Pfizer doses in 2022.	4 th wave increasing economic uncertainty with slowing demand growth. Despite retail sales and exports gains, consumer sentiment fell in July. Country still targeting 4.2% growth for 2021. Extra USD 30.3bn budget (KRW 34.9tn) to shore up economy, cash handouts.	High – ICU capacity remains stable, but hospital bed capacity decreasing as number of critically ill rises. Approved virus treatments: Veklury (formerly Remdesivir) and homegrown treatment Regkirona. Growing variant cases, nearly all Delta. Delta Plus cases emerging.	Medium – President Moon commits to curbing Covid-19 spread as major policy goal in remaining term. Ruling party presidential hopefuls stump about providing more govt handouts. Protests against tighter Covid-19 restrictions.	Finance minister announced extra support for domestic vaccine devlpt; KDCA to spend KRW 3.2tn (USD 3.12bn) of supplementary budget on purchase of vaccines and support for preventative measures. KRW 7.4bn (USD 6.4mn) to be spent on mRNA vaccine technology by 2024.
Spain	Regional govts still in control of pandemic management. Constitutional Court ruling invalidating last year's lockdown has reinforced this status quo.	Vaccines supplied through EU initiative. National strategy, but regions lead rollout. Around 63% of population fully immunized. Summer holiday has led to slowdown in daily vaccinations.	Short-term employment scheme covering ~500,000 workers extended to 30 Sep. Govt working on permanent furlough mechanism. 2022 budget to be discussed in the fall.	Medium – New cases, hospitalizations, and deaths due to Covid-19 are all declining.	Medium/Low – Regions and central govt unable to agree on imposition of health pass. Central govt. unlikely to adopt new measures to manage the pandemic.	The government is unlikely to nationalize hydropower companies to reduce electricity in the coming months despite the ongoing noise on the issue.

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Australia	Melbourne lockdown extended 2 weeks, curfew introduced; Sydney introduces 5km travel limit, permits needed to leave greater Sydney; regional NSW now in lockdown.	48% of eligible population have had one dose; additional 1mn Pfizer doses secured from Poland.	Sydney introduces AUD 320 stay-at-home payment for residents of hotspot areas who need to isolate while waiting for Covid-19 test results; biotech CSL seeks government backing to build two new facilities to produce mRNA for future virus waves.	High - Additional Pfizer doses to vaccinate highest risk Sydney areas; construction underway at new Melbourne quarantine facility.	Medium - WA Premier pushes back against national cabinet's Covid-19 exit plan which allows only targeted lockdowns once 80% vaccinated; Coalition MPs speak out against vaccine certificates for domestic travel.	Melbourne lockdown due to end 2 Sep; ACT Chief Minister calls for upcoming federal parliamentary sitting block to be cancelled amid territory's lockdown extension.
Mexico	Restrictions eased amid decline in cases starting in Apr. Authorities reluctant to re-impose restrictions despite rise in cases since Jun. Official messaging often muddled and contradictory.	As of 15 Aug, 77.2mn vaccine doses have been administered; 29mn people (22.5% of population) fully vaccinated.	Limited fiscal measures at no more than 1.2% of GDP. Measures include advancing pension payments, credits for micro- and small enterprises, and govt austerity.	Low – Chaotic healthcare system reform was in process pre-pandemic; a lack of PPE, limited testing capacities; shortages of some medicines; govt believes wide-ranging testing unnecessary.	Low – Divisions between opposition state governors and central govt; relations between President and the private sector and media subject to regular bouts of tension.	Third wave continues as cases rise to heights not seen since Jan. Confusion over whether Mexico City is at “red” or “orange” level in govt’s Covid-19 traffic light system. The govt aims to have entire adult population inoculated by end Q1 2022.
Indonesia	The government may extend community restrictions in Jakarta and other high-infection areas to 23 Aug or beyond while adding proof-of-vaccination as a requirement for certain activities and services.	Second phase vaccine rollout includes active adults. But a slowdown in AZ supplies from India has led to volatile vaccination rates. Jakarta is opening vaccinations 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 – Govt has broad support for most pandemic, economic, and health policies, but labor is unhappy with some reforms.	Restrictions adjusted based on public and govt perceptions of risk and locations where cases are concentrated.
Saudi Arabia	Unvaccinated barred since 1 Aug from public and private venues, public transport. Two doses required to leave KSA from 9 Aug. Citizens from 49 countries can enter without quarantine with PCR or vaccine certificate (only for J&J, Pfizer, Moderna, AZ).	Refusal to vaccinate deemed “gross misconduct”, can justify dismissal from job without notice. Nearly 32mn doses administered as of 16 Aug; 61% of Saudis have at least one dose, 33% fully vaccinated. At-home vaccination service launched for those 70+.	Continued improvements in financial results. GDP recorded positive 1.5% growth in Q2 fueled by 10%+ growth in non-oil sector. Faster expansion expected 2H 2020 with oil sector benefiting from higher output. IMF expects 2.4% growth for 2021.	Medium – New daily cases around 850. Regular testing available, and clinics offer treatment and advice to those with symptoms.	High – The govt has aggressively suppressed dissident voices, and there is little opposition to its actions.	KSA to begin receiving umrah pilgrimage requests for vaccinated individuals from 9 Aug (after 1.5-year pause). Economic diversification initiatives aimed at boosting growth, but driving intra-regional tensions, especially with UAE.

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Turkey	A surge in the number of cases has been underway in recent weeks, mainly due to spread of Delta variant. The 7-day rolling average of daily cases is close to 25k.	Turkey has vaccinated significantly fewer citizens than European average. Around 39% of the population aged 18 and over is fully vaccinated.	The IMF downgraded its growth forecast for 2021 from 6% to 5.8% and lowered its growth forecast for 2022 from 3.5% to 3.2%.	Medium – On 13 Aug, 157 deaths from Covid-19 were recorded, marking the first instance of more than 150 daily deaths since late May. Vaccine hesitancy remains an issue, especially in Eastern regions.	Low – Ankara announced that it will soon “regulate” foreign-funded media outlets and require them to submit a detailed report on their activities every six months. Critics say it is a last-ditch attempt to kill independent media outlets.	Despite the worsening trajectory of the pandemic, no new restrictions, including curfews, are likely until at least Oct.
Thailand	Lockdown and nighttime curfew covering Bangkok and other parts of the country have been extended to 31 Aug. The restrictions cover about 40% of the population and 70% of the economy.	Vaccine rollout started with Sinovac, now broader AZ rollout has begun but faces supply-constraints. Thailand to explore new orders and liberalize private importation.	USD 4.5bn stimulus was approved for Jul to spur consumption. An additional USD 14bn borrowing program also has been approved. Central bank is recommending USD 30bn stimulus for next year.	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 gov't seen as ineffective in other areas (economy); consequently, there may be more focus on growth.	Gov't is attempting to contain the worst spike since the pandemic's start, and a sustained increase in new cases could trigger tighter restrictions.
Sweden	Face masks are now no longer recommended by the gov't.	More than 50% of population have received one jab, allowing many restrictions to be lifted.	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 caused high case load.	Medium – Red-green minority government depends on outside support amid increasing fragmentation.	Small cash incentives to motivate people to get vaccinated.
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. Gov't 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 gov't'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 in 2020. Intermittent lockdowns and easing have followed. As of Aug, restrictions gradually being lifted.	Vaccine rollout started Dec 2020 but has stuttered at times. Heavy reliance on Sputnik V, deliveries behind schedule. As of 16 Aug, 36.8mn doses administered; 10.2mn people (23% of population) fully vaccinated.	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 has shown strains at peak times. Testing rates remain relatively low.	Medium – Presidential authority boosted by early action but eroded by slow restriction easing, economic impacts, and scandal over gov't insiders receiving early vaccines. Tensions between Buenos Aires and provincial authorities.	Gov't in early Aug announced easing of restrictions in time for Sep-Nov electoral cycle, though spread of Delta variant could alter easing plans. Scandal over president's flouting of Covid-19 rules likely to dent public trust in government-imposed rules to control further transmission peaks.

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South Africa	Lockdown measures eased to Level 3 on 25 Jul, including nighttime curfew, limited gatherings, limited alcohol sales.	As of 16 Aug, 9.4mn doses administered: 13% of population have received first dose, 7% fully vaccinated. Plans to vaccinate 35mn by end-2021 and 40mn by Mar 2022. Rollout delayed but accelerating.	Uneven recovery – mining buoyed by commodity prices, but tourism still badly affected. Ballooning debt is forcing fiscal consolidation, but additional relief announced on 25 Jul.	Low – First signs that current third wave has peaked. Health services strained.	Medium – Slow vaccine procurement and rollout and corruption are fueling opposition. Politically triggered unrest in Jul briefly disrupted vaccine rollout.	Speed of vaccine rollout amid third wave and unrest. Any procurement from additional manufacturers (AZ, Sinovac, Sinopharm). Vaccine efficacy against variants.

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