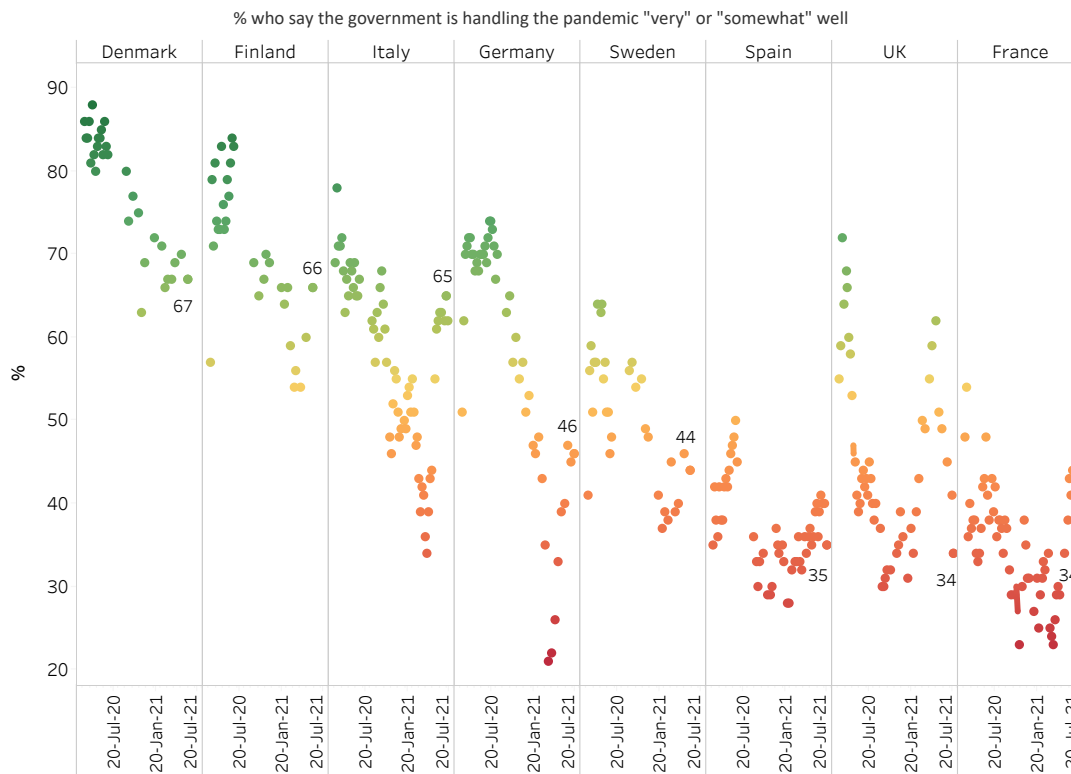


EUROPE: Managing the pandemic – what we are watching

This updated weekly piece provides snapshots of how selected European governments are dealing with the ongoing Covid-19 pandemic. Please do not hesitate to contact us if you want to discuss any of the countries mentioned in more detail.

Graph of the week

Satisfaction with governments' handling of the pandemic continues to fluctuate



Source: YouGov

Spain

- Covid-19 cases have started to decline in the last few days, with the seven-day average of daily infections at 17,000 (vs. 30,000 in late July). Daily hospitalizations have also started to drop again.

- More than 61% of the population has gone through a full vaccination cycle, while more than 71% has received at least one dose of the vaccine. The number of daily jabs has continued to drop due to the summer holiday and stands now at around 324,000.

- The ongoing high electricity prices are generating tensions between the ruling Socialist Workers' Party (PSOE) and Unidas Podemos, which are nevertheless unlikely to affect the stability of the ruling coalition.

France

- The seven-day average of new infections stands at 23,288, while hospitalizations and deaths due to Covid-19 continue to increase, with ICU occupancy reaching levels unseen since June.

- The government has introduced new measures to contain the surge in cases, such as the obligation to use the health pass to enter big shopping malls in areas of the country with more than 200 infections per 100,000 inhabitants. Moreover, all travelers from high-risk countries will be subject to an antigen test at the border.

- The summer holiday has led to a slowdown in daily vaccinations, which stand now at 484,000. More than 56% of the population has gone through a full vaccination cycle, and 67% has received at least one dose. Meanwhile, the government has confirmed it will no longer cover the cost of Covid-19 tests from mid-October.

Italy

- Despite the rising number of daily infections, the pressure on the health system remains steady. The seven-day rolling average of daily new cases is now around 6,150.

- Rome has urged regions to prioritize vaccinations for those aged between 12 and 18 in an effort to extend the campaign before schools restart across the country. As of August 11, some 75% of Italians above the age of 12 had received at least one shot, of whom 65% were fully vaccinated.

- With the peak summer season well underway, some regions may lose their low-risk "white zone" status this month amid a worsening Covid-19 health situation. The islands of Sardinia and Sicily have both recorded rates of infections and hospitalizations that approach the threshold for new restrictions to be imposed.

Greece

- Greece recorded 4,181 new cases on 10 August, a marked rise compared to the weekly rolling average of around 2,910 cases per day. An overnight curfew became effective on 11 August in Heraklion, the administrative capital of Crete and the fourth largest city in the country.

- With the peak of the summer holidays approaching, the daily rate of vaccination has visibly slowed, and there has been a drop off in the number of appointments being booked for first jabs. Around 50% of the population is currently fully vaccinated.

- The government unveiled a program for helping fire-stricken areas recover from this summer's devastating wildfires, starting with an immediate compensation package that the ruling party hopes will help it deflect some of the criticism regarding the response to the blazes. The initial fiscal impact of the aid is estimated at EUR 0.5bn.

Germany

- The gradual decline in new infections continues, with the seven-day average now above 3,000 cases; just over 50% of the adult population are fully vaccinated.

- The federal and regional governments are increasing the pressure on people to get vaccinated; negative tests will soon be required for access to many more indoor venues where the local district incidence value rises above 35.

- To further incentivize people to get vaccinated, the increased testing requirement will be accompanied by a phasing-out of free tests for non-vaccinated people; whoever refuses to get vaccinated will soon have to pay to get tested.

United Kingdom

- After having fallen sharply, the seven-day average of new infections is gradually increasing again; over the last week, it has risen back to above 27,000 cases.
- The UK government is getting ready to offer a third round of booster jabs to vulnerable people from as early as next month; scientists have criticized this, calling instead for greater support for a global vaccine rollout.
- As the share of fully vaccinated people is rising to more than 60% of the population, scientists are warning that herd immunity is, nevertheless, unrealistic given the delta and other new variants.

Poland

- The fourth wave of the pandemic has not picked up yet. The seven-day rolling average of new cases stands at 159, compared to 140 a week ago, with the Delta variant accounting for 86% of new infections.
- The government is considering various restrictions for the unvaccinated in case infections start surging. However, a recent survey shows that public opinion on the issue is highly divided: 50.7% of respondents support restrictions only for the unvaccinated, while 43.3% prefer restrictions for all residents regardless of their vaccination status.
- The departure of the Agreement party from the governing coalition is the government's ability to advance its policy agenda, including the flagship post-pandemic recovery package known as the Polish Deal.

Hungary

- Infection, hospitalization, and death rates are low and relatively stable. Still, authorities are concerned about the picking up of infections in neighboring countries and popular holiday destinations such as Croatia and Slovenia.
- While Hungary's immunization campaign remains sluggish, it has fully vaccinated 57% of its population and is the leading country in Central and Eastern Europe in this respect. However, around 10.8% of the population has been immunized with the Sinopharm vaccine, whose effectiveness against the Delta variant remains unclear.
- The seven-month central government budget deficit is estimated at HUF 1.8trn, which is within the government's projected target of HUF 3.99trn (7.5% of GDP) deficit for 2021.

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