

COVID-19 Epidemiologic and Economic Impact

**Analysed bi-monthly in just a few gobbets
For time-starved, over-solicited decision-maker**

- Those countries worst affected like the US, the UK, and Israel are beginning to show signs of improvement: infection rates are starting to fall, albeit slowly and from a very high level. Even Israel, the country most ahead in terms of its vaccination campaign with more than a quarter of its 9.2 million population already vaccinated, continues to experience an average of about 8,000 COVID cases a day. In many countries that hoped or thought that the pandemic was vanquished, cases are re-merging. China, for example, is experiencing its worst surge since the summer, with millions forced into rigorous lockdown. **On a global scale, the biggest wild card is the proliferation of new faster-spreading variants.**
- **In consequence, the pandemic is not even close to being over.** At a time when we collectively thought that the pandemic would soon be behind us, **the new COVID-19 variants pose substantial new challenges.** The B.117 (UK), the P.1 (Brazilian), and the 501Y.V2 (South African) variants seem to be more infectious, and possibly more deadly, than the 'old' COVID-19. Although the existing vaccines seem to be effective against the British and Brazilian variants, they are less so against the South African one (Moderna just reported that its vaccine's neutralizing capacity is less effective for this variant but added that it intends to rapidly develop a 'booster').
- In practical terms, **national and local authorities are now dealing with two epidemics: one involving the old variant, which is decreasing, and one involving the three new variants which are on the rise.** This situation necessitates the implementation of radical new measures, like shutting borders again and putting in place drastic social distancing rules, in a bid to contain the spread of new mutants while simultaneously vaccinating the maximum number of people possible.
- In the light of this, coupled with the slower-than-hoped-for start to vaccine rollout, when realistically will the pandemic end? **The transition to 'normalcy'** (initially expected in Q2 in high-income countries and earlier in China) **is being delayed. So is the prospect of reaching herd immunity before Q3.** This has to do with simple arithmetic: if a higher proportion of the population needs to be vaccinated because of greater infectiousness, this will take more time. However, scientists cannot forecast the new timelines because too many uncertainties abound. Most notably: (1) further mutations and / or greater infectiousness and lethality of current ones, (2) shorter-or milder than-anticipated immunity conferred by vaccines, (3) manufacturing and / or supply-chain delays leading to slower than anticipated vaccination campaigns. Any one of these factors alone has the potential to generate unpleasant surprises (i.e. delays) on the path to herd immunity. **Expect some restrictions like travel bans and social distancing to drag on well into the summer, if not beyond.**
- **"Immunity inequality" is becoming a prominent issue.** So far, high-income countries have secured 4.2bn doses (the equivalent of 74% of total government orders) for their 1bn citizens (12% of the world population). Apart from the immorality of not providing vaccines to the poorest nations, dose shortages will prolong the pandemic for months or even years. The virus will continue to circulate as long as the world population doesn't reach herd immunity, and this will hit recovery prospects globally. According to an estimate recently provided by the WHO (based on independent academic research), **if the current rollout of vaccines in developing countries continues at the same pace, advanced economies will experience an output loss of about \$2.4tr** (or 3.5% of their cumulative GDP pre-crisis) caused by disruptions to global trade and supply chains.

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