



RECONNAISSANCE

PROJECT SOLAS

COUNTRY COMPARISON
MANAGING COVID-19 IN
FIRST HALF OF 2020

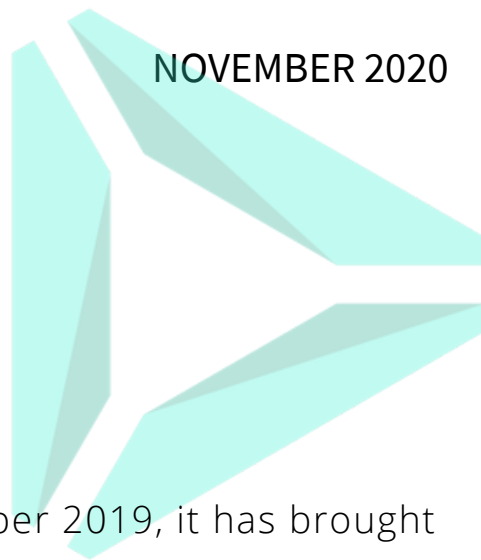
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Prepared by Caroline Tsang

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Introduction

Since Covid-19 first appeared in late December 2019, it has brought unprecedented changes and challenges in 2020. A global pandemic against an unknown virus, no country was prepared to face it. There was no universal method to contain or eradicate the virus. Each country and their government bodies had to adapt, forecast, and implement various measures to control the virus. In this paper, we will compare the measures in five countries – Ireland, Italy, New Zealand, Sweden, and United Kingdom (UK) – and compare their Gross Domestic Product (GDP) by a quarter-on-quarter basis. These countries had different measures in controlling outbreaks therefore were chosen for comparison.



03

Timeline

From first confirmed cases to recent past

Ireland

Ireland's first recorded case was on 28 February 2020 (1). The country went into full lockdown on 27 March 2020 and the government announced a 5-phase plan to reopen the economy, easing restrictions with each phase.

In Phase 1 on 18 May, people could exercise outdoors 5 km away from their homes, essential retail stores remained open and schools remained closed (2). Phase 2 was implemented on 8 June where people could travel within their own county, all retail stores opened, and some outdoor activities resumed. It was also at this stage where the Government recommended wearing face coverings in public spaces. The Taoiseach (Irish Prime Minister) confirmed that there will be two remaining phases instead of three due to progress in maintaining low numbers of confirmed cases. (3)

From 19 June, Ireland was in Phase 3. People were given more freedom as they could travel to any part of the country. Face coverings became mandatory on public transport and indoor spaces such as shops and shopping centres. Other remaining retail stores such as hairdressers and driving schools could reopen. Cafes and restaurants reopened however they must be closed at 11:30 pm. Pubs and hotel bars that could operate as restaurants reopened but for those who could not, remained closed. Cultural venues such as museums and cinemas reopened as well. (4)



04

Phase 4 was postponed from 20 July until the Government announced a new plan on 15 September called "Plan for Living with Covid-19". It is a medium-term approach for the next 6-9 months and consists of 5 levels. The main priority of the plan is to keep schools open while protecting the economy and communities. (5) While Dublin was on Level 3 and the rest of Ireland was at Level 2 in late September, this was revised to a countrywide Level 5 lockdown on the 21st October due to the significant rise in confirmed Covid-19 cases. (6)



Italy

Italy first confirmed two cases on 31 January and suspended flights to China after declaring a national emergency. On 4 March, all schools and universities closed. By 8 March, several northern provinces were placed under lockdown which extended nationwide on 9 March. Restaurants and bars closed on 11 March which were followed by factories and all nonessential production on 22 March. (7)

Italy gradually reopened with implemented measures from 18 May. Restaurants, retailers and Catholic Church masses resumed with strict social distancing and mandatory face masks. On 3 June, Italy reopened its borders. The country entered its phase 3 of lockdown lifting on 15 June. However, schools remained closed until 1 September. (8)

05

New Zealand

The first confirmed case for New Zealand was on 28 February 2020. Four days later, on 3 March, testing facilities were opened across the country. The country closed its borders to everyone except for citizens and permanent residents on 19 March. Then on 26 March, New Zealand officially entered Level 4 lockdown. The lockdown was extended for a few more days until it was moved to Level 3 on 28 April. (9) On Level 3, people were restricted to their homes unless they had to go to work or go to school for example whereas Level 2 allowed people to connect and socialise in groups of up to 100 people (10). Initially there were a few cases in May but since then, for 102 days until 11 August, New Zealand had no new cases. For the government to assess the situation, its largest city Auckland was shut down to Level 3 for three days to prevent the spread. During the three days, the rest of New Zealand was on Level 2. (11)



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Sweden

Since its first case was confirmed on 31 January 2020 (12), Sweden approached Covid-19 differently to other countries as it did not impose a lockdown on its population. The government encouraged its citizens to take their own responsibility and to follow its recommendations. On March 11, the Swedish government prohibited indoor and outdoor public gatherings and events over 500 people (13). This was later amended to 50 people on 29 March. Confirmed cases were rising in the elderly people and the government implemented a ban on visiting all care homes from 1 April (14). All schools were closed from 17 March, moving to an online learning model. The government announced on 29 May that upper secondary schools (senior high schools) could return to normal from 15 June. (15) Since March, Sweden imposed a temporary entry ban to the EU via Sweden. The temporary ban was extended repeatedly until the end of August.

07

United Kingdom

The country first confirmed two cases was on 29 January 2020. Most schools across England, Wales and Scotland were announced to be closed on 18 March until further notice. Pubs, restaurants, gyms and other social venues across the country were called to close on 20 March. The UK went into lockdown on 23 March where people were only allowed out to buy food, to exercise once a day or to go work if necessary.

On 22 April, human Covid-19 vaccine trials began in Oxford. The government announced its plans for the easing of lockdown which included allowing people to exercise outside without any restrictions on 10 May. UK schools began a phased reopening from 1 June. In England, the 'test and trace' system was launched on 27 May, aimed at replacing lockdown restrictions. From 1 June, lockdown restrictions continued to ease with groups of up to six people permitted to meet whilst maintaining strict social distancing rules. On 15 June, the UK made it compulsory to wear masks on public transport, and non-essential shops, zoos and places of worship reopened.

Pubs, restaurants and hotels reopened on 4 July. During June, July and August, the government reimposed local lockdowns after a surge of local infections. In Scotland, face coverings in shops became compulsory from 10 July. This was further amended to include museums, cinemas and places of worship both in England and Scotland on 8 August. On 16 August, the UK governments plans to scrap the Public Health England (PHE) and replace it with a specialist pandemic unit due to dissatisfaction with the performance of PHE. (16) The PHE is an executive agency that exist to protect and improve the nation's health and wellbeing, and reduce health inequalities.



08

Covid-19 Figures

Cumulative confirmed COVID-19 cases per million people

The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

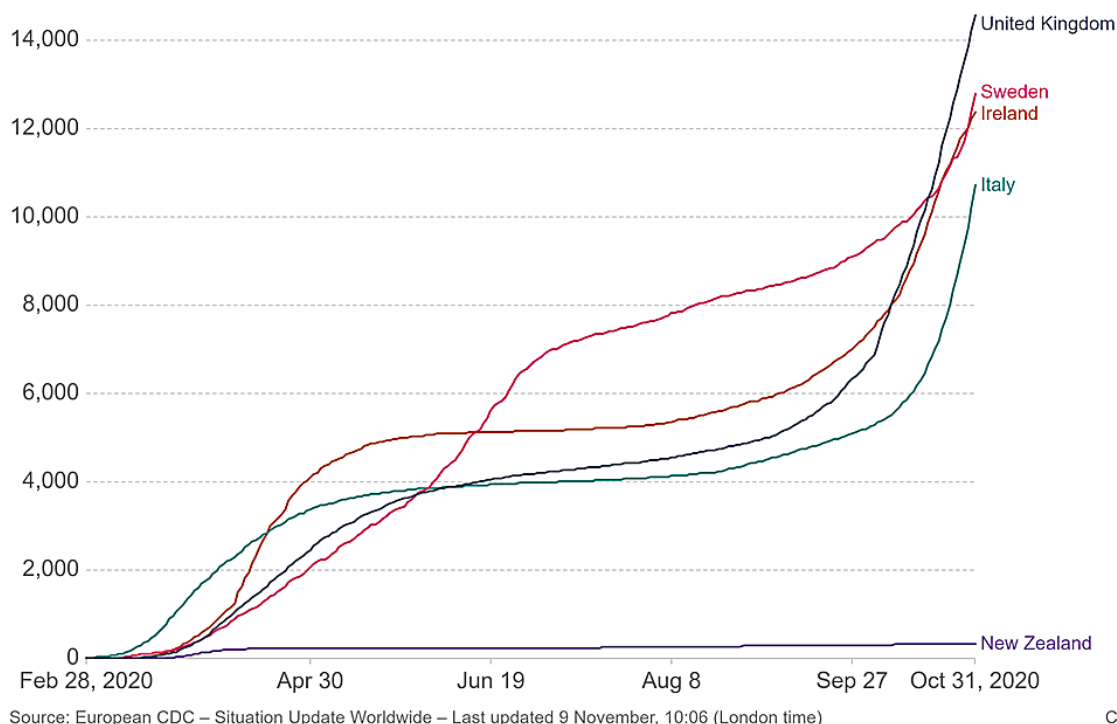


Figure 1. Cumulative confirmed case figures comparison of Ireland, Italy, New Zealand, Sweden and United Kingdom from 28 February 2020 to 31 October 2020.

As seen in Figure 1, the United Kingdom has the highest number of confirmed cases in comparison to Ireland, Italy and Sweden. It was one of the countries that had a delayed response to managing the outbreak. Italy was the first country in Europe that had a large outbreak of the virus and saw a significant increase of numbers between March and April. Having the country in lockdown from April to August, slowed the transmission rate in communities. However, after reopening to some degree of normalcy, numbers went back up. Ireland went into complete lockdown mid-March until May and since then, have imposed or lifted restrictions based on the r -rate (Reproduction rate - the average number of people that one infected person can pass the virus onto). Sweden adopted a different approach in comparison to the other countries where it did not go into lockdown. While the numbers are not as significant as the United Kingdom or Italy, there is speculation on whether Sweden's approach was the right choice. Ireland went into complete lockdown mid-March until May and went into phases out of lockdown since. However, the numbers of confirmed cases have recently been increasing. New Zealand was one of the first countries to react to Covid-19 and went into strict early lockdown. Adopting an early lockdown allowed New Zealand to control the outbreak and the country has reported the least number of confirmed cases when compared globally.

09

Daily new confirmed COVID-19 deaths per million people

Shown is the rolling 7-day average. Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.

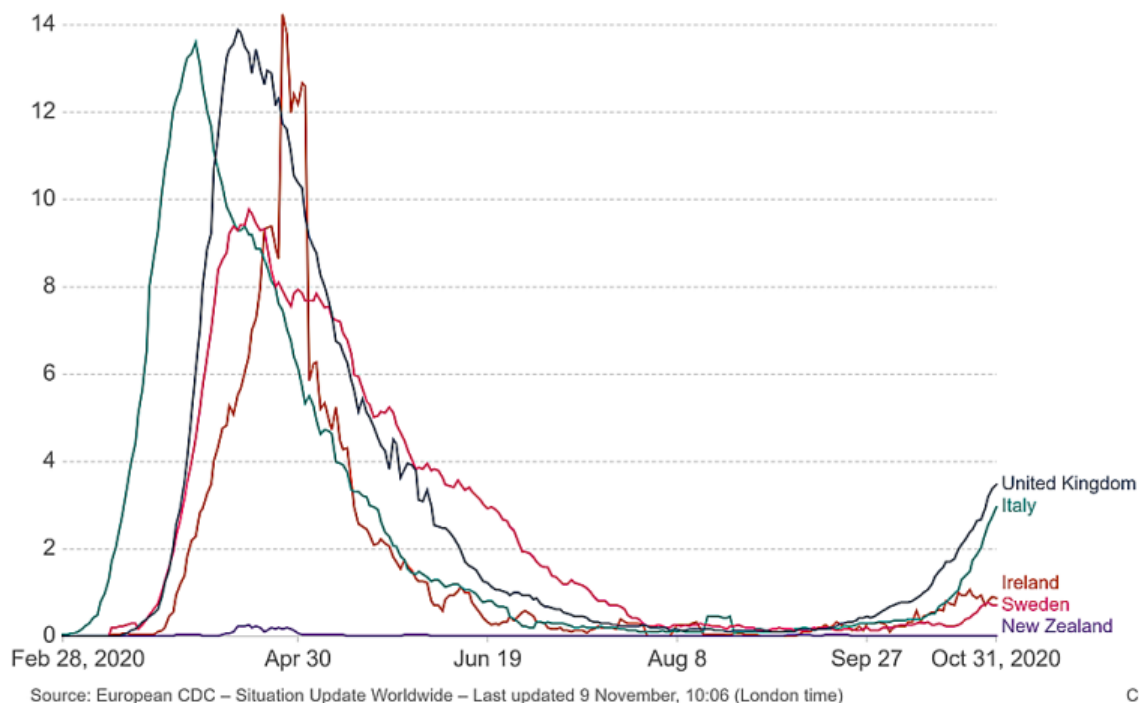


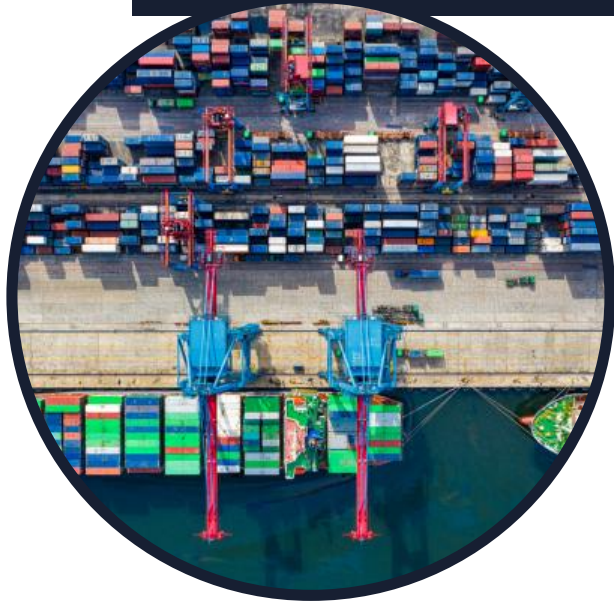
Figure 2. Average number of confirmed deaths per million rolling over 7 days in Ireland, Italy, New Zealand, Sweden, and United Kingdom from 28 February 2020 to 31 October 2020.

As well as looking at confirmed cases, Figure 2. presents the average number of confirmed deaths for each country. In the earlier part of the year Ireland, Italy, and the United Kingdom had higher averages before and during lockdown. Although Sweden chose not to go into lockdown, their average death rate was significantly high and topped other countries from May to end of July. New Zealand remained low with zero deaths reported from June to start of September. From September onward, the average number of deaths have been increasing again with Italy and the United Kingdom amongst the highest.



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Economic Viewpoint



Covid-19 has had a knock-off effect which impacted not only to our individual lives but to businesses of all sizes. In this section, Q1 and Q2 2020 Gross Domestic Product (GDP) for each country will be compared. GDP “measures the total output of the economy in a period i.e. the value of work done by employees, companies and self-employed persons”. (17)

Ireland

Taken from Ireland’s Central Statistics Office (CSO) in Figure 3., both its GDP and GNP decreased in the first half of 2020. GNP is “the total income remaining with the country’s residents and it differs from GDP by the net amount of incomes sent to or received from abroad” (17). The Distribution, Transport, Hotels and Restaurants sector had the highest negative impact from Covid-19 in Q2 with a decrease of 30.3% in volume when compared to Q1. On a quarter-on-quarter bases, the Construction sector declined by 38.3%, Agriculture, Forestry and Fishing sector fell by 60.6%, and the Arts and Entertainment sector decreased by 65.5%. (18)

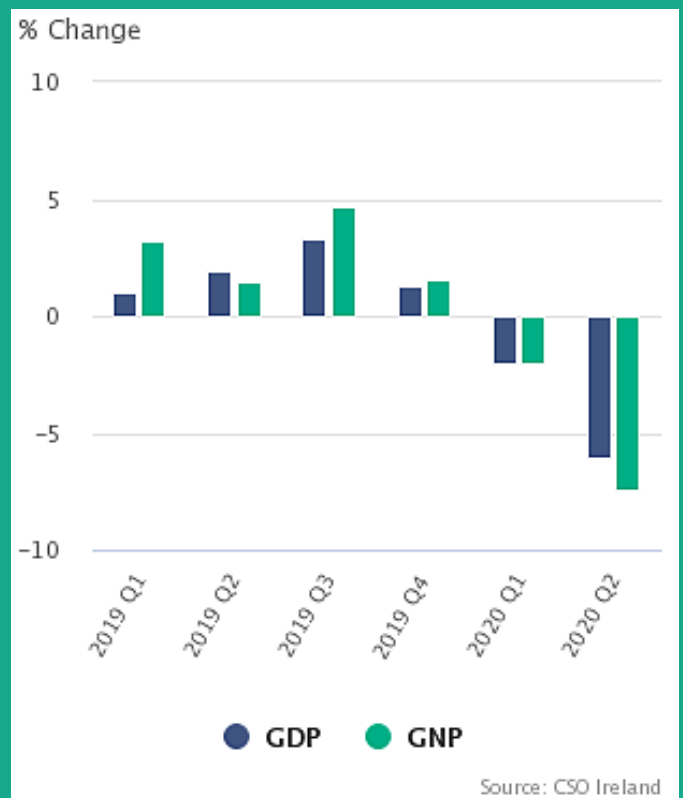


Figure 3. Quarterly Growth Rate (%) of Ireland's GDP and GNP (18)

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Looking at expenditure, Capital Investment decreased by 67.4% (-€36.5 billion) in Q2 with Imports decreasing by 35.5% (-€41.4 billion) when compared to Q1. Several factors impacted these declines which included partial effects from Covid-19. Personal Consumption Expenditure which accounted nearly half of the final domestic demand, decreased by 19.6% in Q2. In the same quarter, Government expenditure increased by 7.5%. The CSO stated in their latest report that “Final domestic demand declined by 46.9% in Q2 2020 over Q1 2020 due mainly to the significant COVID-19 related decline in Personal Consumption Expenditure by 19.6% but also the significant globalisation effect on Capital Investment in Q1 that did not recur in Q2”. (18)

Announced on September 7, 2020, the Irish economy officially is in recession. A recession is defined as “two consecutive quarters of negative economic activity”. The economy activity overall was reduced by 6.1%, however, this was less than the average of 12% in the Euro zone. (19)



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Italy

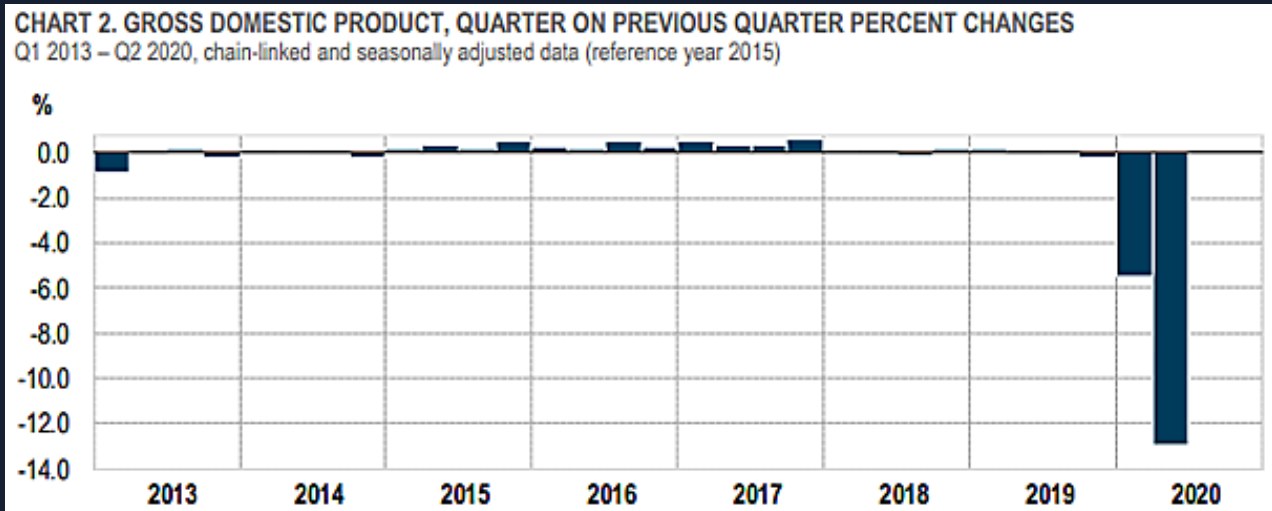


Figure 4. Italy's GDP growth rate (%) from the previous quarter from 2013 to Q2 2020.(21)

Italy's economy was in the midst of a "prolonged weakness phase" when Covid-19 hit the country at the start of the year. In Q1, when the country was in strict lockdown, the GDP decreased by 5.3% alongside falls in private consumption (-6.6%) and investment (-8.1%). (20)

As seen in Figure 4., Q2 for Italy decreased to -13% when compared to the previous quarter (Q1 2020). Household final consumption expenditure dropped by -11.4% in Q2 2020 compared to Q1 (21).



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New Zealand

Gross domestic product, industry growth and contribution to growth, March 2020 quarter

GDP fell 1.6% in the March 2020 quarter

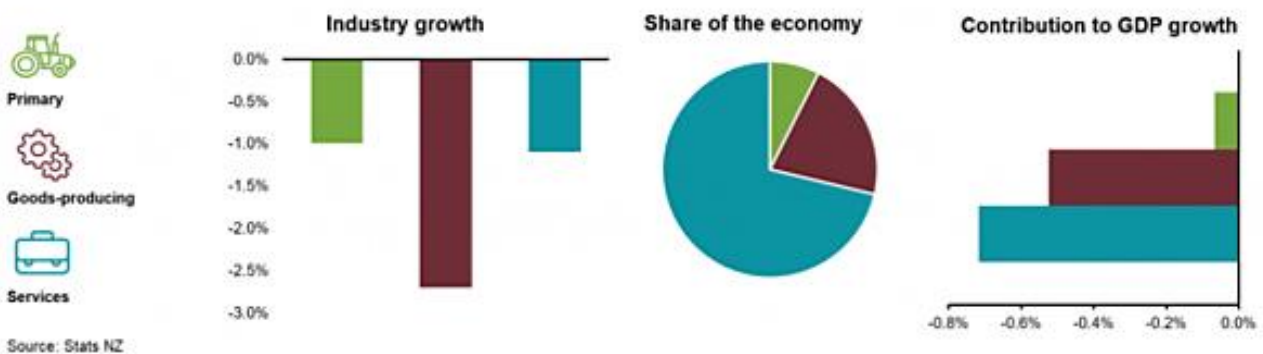


Figure 5. GDP of New Zealand, industry growth for primary goods-producing and services sectors, and their contribution to growth in March 2020 quarter. (22)

For New Zealand's March 2020 quarter (Q1) the GDP went down by -1.6%, the first quarterly fall since December 2010 quarter and the largest fall since March 1991. (22)

From Figure 5., the goods-producing sector fell the most by -2.7% when compared to primary and services yet the services sector contributed the most by -0.7% to the GDP growth. A closer look into industry, construction was the main contributor to the GDP drop by -4.1% followed by manufacturing then transport, postal and warehousing. During the country's Level 4 lockdown from March to April, construction activity was deemed essential. (22)



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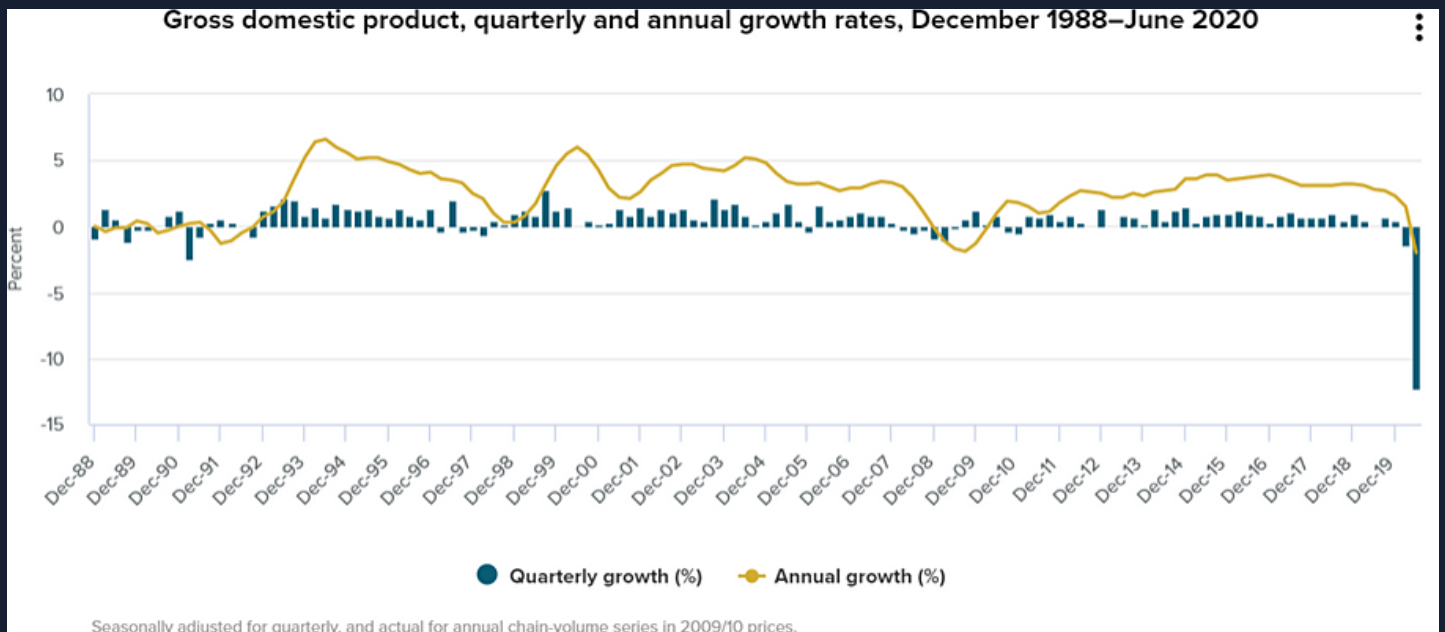


Figure 6. New Zealand's GDP quarterly and annual growth rates from December 1988 to June 2020. (23)

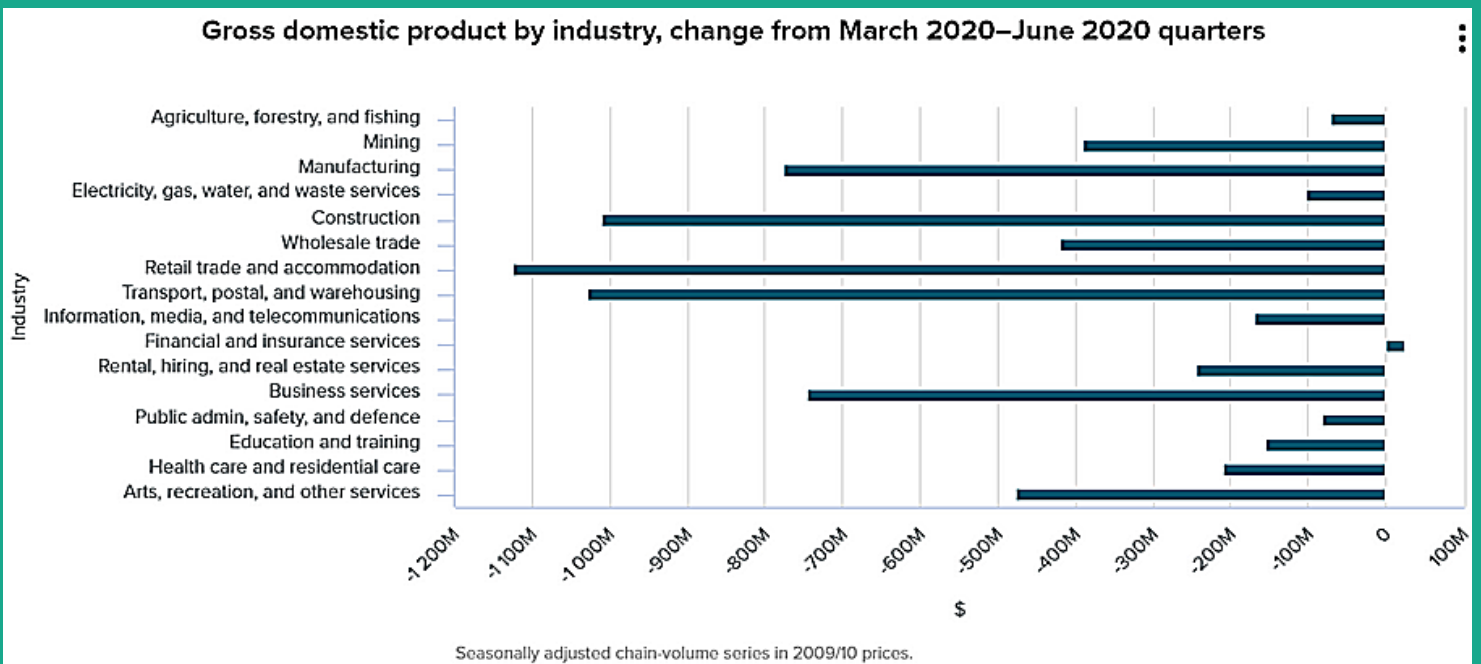


Figure 7. New Zealand's GDP by industry from March 2020 (Q1 2020) to June 2020 (Q2 2020). (23)

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In June 2020 quarter (Q2 2020), the GDP fell further by -12.2%. This is the largest quarterly decline on record, seen in Figure 6. In this quarter, the country was under strict lockdown which was not eased until the end of the quarter thus many parts of the economy were not operating as normal. (23)

Same as the previous quarter (Q1 2020) the services sector contributed the most for the fall of GDP by -10.9%. Further insight seen in Figure 7. showed retail, accommodation and restaurants contributed to the decline by 25.2% as no international tourists were allowed in along with the physical restrictions. The mining, wholesale trade, business services, and arts and recreation sectors saw a drastic drop when compared to Q1 2020. (23)



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Sweden

The country's first quarter (Q1 2020) only saw a minor change in their GDP where it increased by 0.1% when compared to Q4 2019. While Sweden did not enforce a lockdown with an aim to keep the economy going, household final consumption decreased by 1.7% along with the total number of employed persons by 0.5% in the whole economy. (24)

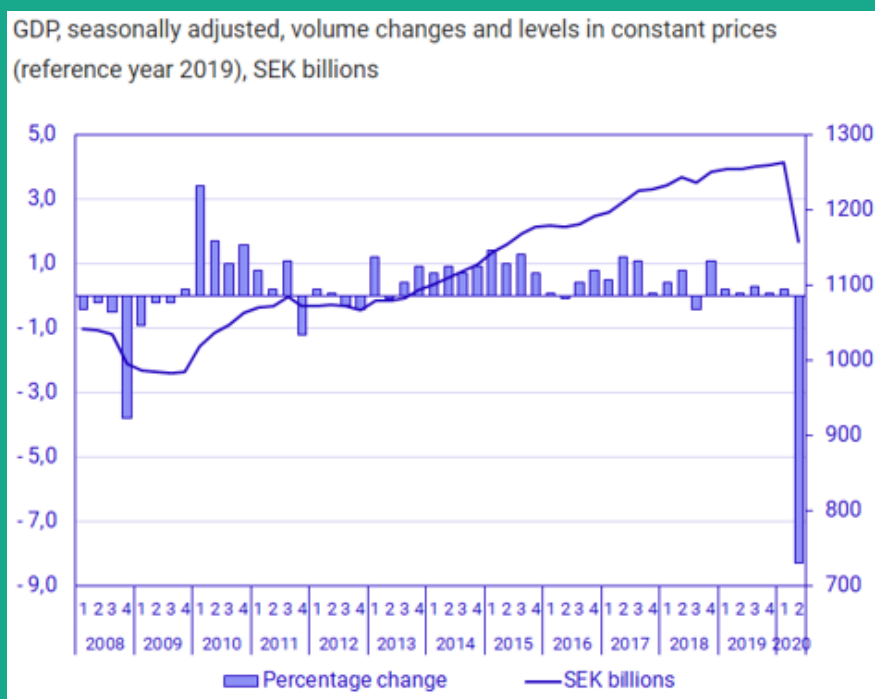
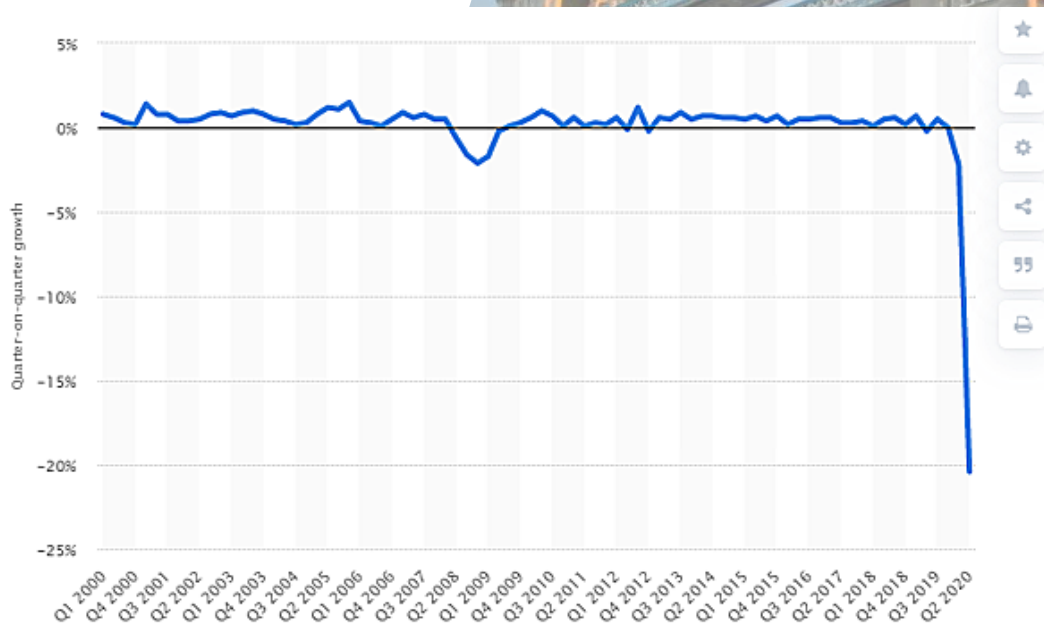


Figure 8. GDP of Sweden from 2008 to the second quarter 2020. Each quarter is compared to the previous quarter. (25)

However, in the second quarter (Q2 2020) seen in Figure 8., GDP decreased by 8.3% when compared to Q1 2020 which is the largest decline for the country since 1980. Household consumption decreased by 7.7% which mainly came from lower consumption of restaurant and hotel services. (25)

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United Kingdom

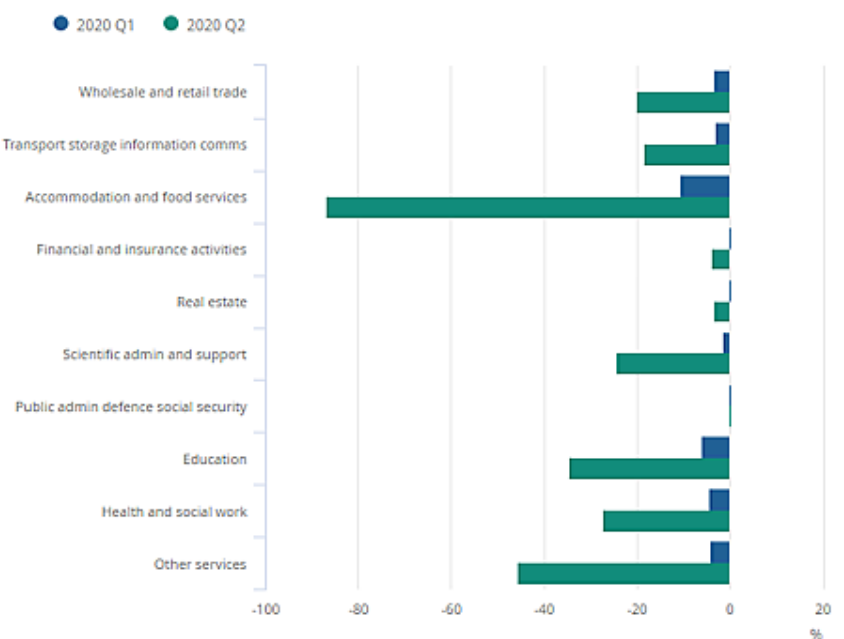


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Figure 9. GDP in the United Kingdom from Q1 2000 to Q2 2020. GDP fell by -2.2% in Q1 2020 and by -20.4% in Q2 2020. (26)

GDP in the United Kingdom (UK) fell by -2.2% in the first quarter of 2020 (seen in Figure 9.) and the country officially is in a recession as the GDP in Q2 2020 fell by -20.4%, the largest decline on record. As all sectors were impacted by the various restricted lockdowns, industries in services, production and construction have been negatively impacted in Q2 2020. For expenditure, private consumption accounted over 70% of the fall. (27) A closer insight to the services output, businesses that provided accommodation and food were impacted negatively as government restrictions were enforced from the end of March 2020.

UK, Quarter 1 (Jan to Mar) 2020 and Quarter 2 (Apr to June) 2020



Source: Office for National Statistics - GDP first quarterly estimate

Figure 10. Fall in services output in Q1 2020 and Q2 2020 in the UK. (27)

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GDP Comparison

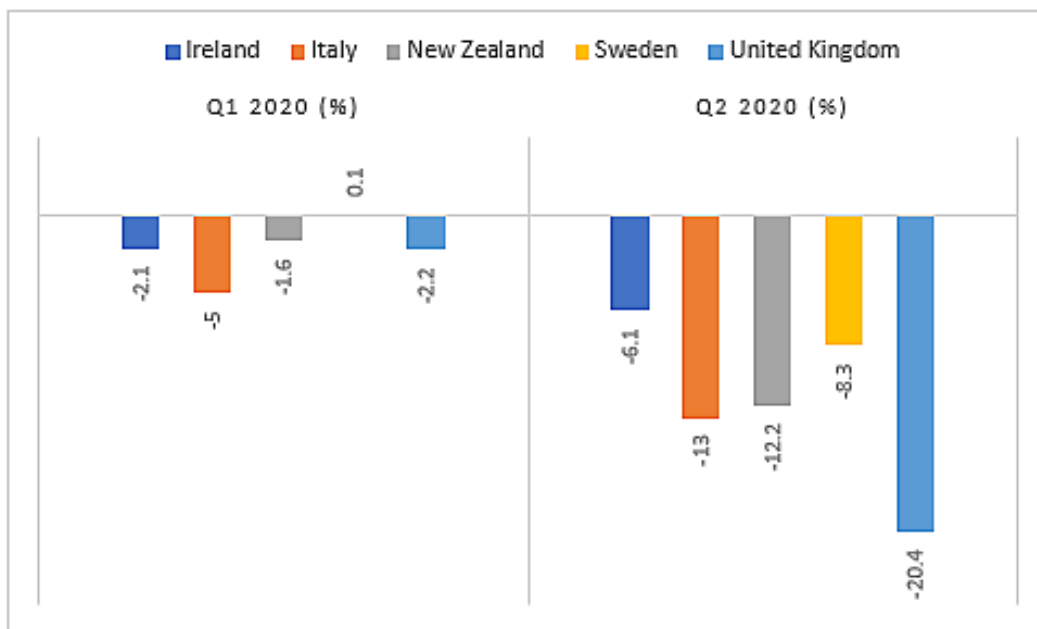


Figure 11. Quarter-on-quarter GDP comparison for first quarter (Q1 2020) and second quarter (Q2 2020).

In the first quarter, Q1 2020, Italy's GDP declined the furthest compared to the other countries. As Covid-19 hit Italy first, it was amongst the first to force an early lockdown. Ireland, New Zealand, and the United Kingdom had similar decline levels in this quarter. Sweden was the only country to have had a positive increase but only by 0.1% from the previous quarter (Q4 2019).

Out of the five countries, Sweden is the only country that is not in an official recession as the GDP must be negative for two consecutive quarters. The government of Sweden chose not to impose a lockdown to continue their economy, however, the GDP in Q2 2020 was the lowest on record for the country. New Zealand imposed a strict lockdown earlier than most countries and succeeded in keeping the country Covid-19-free for over 100 days. However, a consequence to this was the largest decline for the country by -12.2%. The United Kingdom suffered the most in comparison to the other countries with the largest decline on record for the country by -20.4%. The country was slower to impose a strict lockdown than Italy and New Zealand, and the lockdown was in place longer which contributed the GDP figures.

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Conclusion

Each country had their own measures in controlling the pandemic from lockdowns to mandatory face coverings in the first half of 2020. Covid-19 continues to have a significant impact on our lives, our social connections, our mental health, and our economies. that will have a knock-on effect to the present and the future. As we are not yet out of the storm, it's difficult yet to predict the long-lasting implications of Covid-19. It is important to note the method to compare GDP values of each country is not the only method as there are numerous methods of comparisons which can give different perspectives and discussions. Going into the remainder of the year, a second wave of rising confirmed cases can be seen in major parts of Europe. As the world heads towards a global recession, people remain hopeful as they wait for a potential vaccine or new ways to return to normal life.



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