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EU's slow vaccine roll out risks 100 billion euros in extended lockdowns and lost growth

BY ALEXANDER WEBER AND BLOOMBERG

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The European Union is facing a cost of tens of bil



Lockdowns mean the bloc's economy is operating at about 95% of its pre-pandemic level, equating to about 12 billion euros (\$14 billion) a week of lost output, according to calculations by Bloomberg Economics. It's also weeks behind its peers in inoculations, and progressing at a slower pace.

Unless it can make up ground, the EU will be forced to keep lockdowns or similar restrictions in place even as other major economies get fully back to work. A delay of 1-2 months would amount to a 50-100 billion-euro blow.



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The numbers highlight the massive stakes for the European Commission, which became embroiled in a public standoff with drugmaker AstraZeneca Plc over supply curbs before **imposing** export restrictions for Covid-19 vaccines. That turned into a **U-turn** for President Ursula von der Leyen over shipments into Northern Ireland.

“Every week that the lockdown has to be extended because the population isn’t vaccinated and vulnerable means substantial economic costs,” said Guntram Wolff, director of the Bruegel think tank in Brussels. “Those costs are a lot higher than the costs of the vaccinations themselves.”

So far, the EU has administered just 3 doses per 100 people, far behind the 15 in the U.K. and 10 in the U.S., according to the **Bloomberg Vaccine Tracker**. In the meantime, more contagious strains of the coronavirus are spreading, forcing governments to extend lockdowns. ✕

“The U.K.’s early progress means we expect a vigorous economic recovery to take root sooner than in mainland Europe,” said Jamie Rush, chief European economist at Bloomberg Economics. “The higher transmissibility of new Covid-19 strains is prompting tougher containment measures in much of Europe, raising the cost of

should allow governments to lift many of the current restrictions that have shut down shops, restaurants and travel.


Yet [Allianz SE](#) estimates that countries are five weeks behind with respect to meeting that target, and vaccinations need to happen at six times the current pace to catch up. It puts the cost at 90 billion euros, taking into account knock-on effects later in the year.

“In vaccine economics there is only black or white: Economies that finish the race first will be rewarded with strong positive multiplier effects supercharging consumption and investment activity in the second half of 2021,” economists led by Ludovic Subran said in a report. “Vaccination laggards will remain stuck in crisis mode and face substantial costs -- economic as well as political.”

Southern countries including Spain and Italy -- already the worst-affected by the pandemic -- will suffer most from a delay if it hits international tourism. Even a partial opening around the Easter holidays at the beginning of April would bring much-needed revenue, according to Reinhard Cluse, an economist at [UBS Group AG](#).

“With the slow progress on vaccinations, it’s not clear we’ll have a good Easter season,” he said, adding that the summer is also under threat, as many travelers books their holidays in the spring and may opt to stay closer to home for another year.

Each extra week the economy is subject to restrictions also increases the risk that companies that ate into their financial buffers for the last year will be pushed over the edge and file for insolvency. That would raise unemployment and undermine the prospect of rapid rebound.

The EU could still catch up with its peers, or all nations could yet be plunged into another crisis, for example if further coronavirus mutations emerge that are resistant to the current vaccines. 

On current form though, the likelihood is that continental Europe is headed for a painful reckoning.

“To the extent that we don’t get the necessary run rates in the coming weeks and

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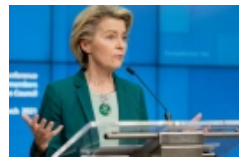
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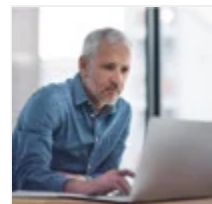
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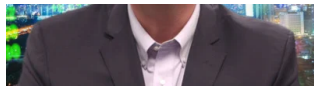
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