



**European Committee  
of the Regions**

## **ECONomic Bulletin No. 6**

### COVID-19 impact and response measures

4 June 2020



*The COVID-19 pandemic is having substantial repercussions on European economies. The Commission for Economic Policy (ECON) at the European Committee of the Regions (CoR) prepares regular economic bulletins on recent research, articles and discussions on the socioeconomic impact of the pandemic in Europe and on the different economic response measures planned and implemented at EU, national, regional and local level.*



*"This sixth issue of the ECON Bulletin opens with the Next Generation EU package and the revised 2021-2027 MFF. The European Commission's ambitious proposals deserve the word "unprecedented", both for the global amount of the envelope, its embeddedness in the EU budget and the recourse to grants and the thorny subject of common issuance of debt and the matter of own resources which seems to be coming closer to fruition.*

*A Franco-German initiative from mid-May provided a renewed impetus. Yet breakthrough will be needed in order to arrive at unanimity, notably due to the frugal four's reservations and recovery plan alternative in a non-paper.*

*On the ground, the economic impact of Covid-19 is increasingly uneven. Some countries have less budgetary space to react at a level commensurate with the public interest challenges and problems with the quality of their public administrations. Manufacturing regions, cross-border regions with differing and tourism-intensive regions suffer most. Maintaining fiscal buffers is increasingly difficult but important.*

*The EU is working with a sense of urgency to face the impact of Covid-19. The Commission is promoting a coordinated resumption of travel and tourism, which will be easier the more national and local governments will adopt effective strategies of testing, tracing and treating as an alternative to extensive lockdowns. The Council did the necessary to ensure that SURE be operational as of 1 June, and the ESM's Pandemic Crisis Support became operational on 15 May.*

*The European Commission now provides regular updates of a list of the policy measures taken by the EU Member States against the spread and impact of the coronavirus (in the "useful links" section).*

*Last, but not least, this sixth bulletin presents as usual an enriched selection of Covid-related policy measures at regional and local levels, as well as summary tables listing these measures by type of action, to encourage exchanges and mutual learning. While we are not there yet, our localities are on the way to reopening, recovering and being revitalised."*

*--- Michael Murphy (IE/EPP), Chairperson, Tipperary County Council, Chair of the ECON commission*



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### Facing the pandemics and relaunching the economy: Next Generation EU and the revised 2021-2027 MFF

#### [Overview of the whole EU economic policy response](#)

On 27 May, building on the [quick progress made by the EU since the Covid-19 outbreak](#), the European Commission completed an [ambitious proposal to face the crisis and boost economic recovery](#) consisting in:

- SURE / ESM Pandemic Crisis Support / EIB Guarantee Fund for Workers and Business: EUR 540 billion
- [Next Generation EU](#): EUR 750 billion, as a one-off envelope embedded in the EU Budget
- [Multiannual Financial Framework](#): EUR 1 100 billion

The **full financial envelope** available to Member States for Covid-19 response also includes EUR 750 billion already made available by the ECB through the Pandemic Emergency Purchase Programme (PE), and comes on top of the resources made available from the national budgets, supported by the temporary softening of the EU State Aid rules and the activation of the SGP escape clause.

Investments funded under Next Generation EU will have the **European Green Deal** as the EU's recovery strategy, and the **Single Market** will be strengthened and adapted to the **digital age**. On the other hand, the **fairness** and **inclusiveness** of the recovery will be promoted by measures such as SURE, the Skills Agenda, the Digital Education Action Plan, the proposal of setting minimum wages and binding pay transparency measures and the fight against tax evasion.

The Commission stressed the need for a rapid political agreement on the whole package at the European Council in July 2020, to ensure that the new budget is operational as of January 2021.

*Q&As on the MFF and Next Generation EU:*

[https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_20\\_935](https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_935)

#### [Next generation EU: how it will be funded](#)

To fund **Next Generation EU**, the Commission will reinforce the 2021-2027 EU budget by **raising EUR 750 billion on the financial markets**, to be repaid after 2027 and by 2058 at the latest, so that Member States will not have to make significant additional contributions to the EU budget during the 2021-2027 period.



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To allow the Commission to use its strong credit rating to borrow on the markets, the **Own Resources ceiling** will be raised by 0.6%, up to 2% of the EU's Gross National Income.

As candidates for **new own resources**, the Commission has listed: (a) Emissions Trading System (applicable possibly also to aviation and maritime sectors); (b) Carbon Border Adjustment Mechanism; (c) Own Resource based on operations of large enterprises; (d) Digital Tax.

#### [Next generation EU: how it will invest](#)

Next generation EU has three pillars.

#### **Supporting Member States to recover, repair and emerge stronger from the crisis**

**(a) A new Recovery and Resilience Facility of EUR 560 billion, replacing the former Reform Support Programme, to be used for investments and reforms for recovery and resilience to be identified in the context of the European Semester. The Recovery and Resilience Facility will make grants up to EUR 310 billion and loans up to EUR 250 billion; it will be firmly embedded in the European Semester. Member States will draw up recovery and resilience plans as part of their National Reform Programmes.**

**(b) To ensure continuity to cohesion policy, the REACT-EU initiative, providing EUR 55 billion of additional cohesion policy funding between now and 2022 (with simplified procedures, possibility of transferring resources between funds and categories of regions, and relaxed rules on co-financing, up to full financing by the EU budget). Allocation of additional funding, under the new cross-cutting thematic objective "Fostering crisis repair in the context of the COVID-19 pandemic and preparing the recovery of the economy" will be based on the severity of the economic and social impacts of the crisis, but also on the different regional needs, so that focus is maintained on the objectives of economic, social and territorial cohesion. The new objective will be aligned to country-specific recommendations issued in the context of the European Semester in 2020.**

**(c) Rural development programmes, as well as the Just Transition Mechanism, will be reinforced.**

#### **Kick-starting the economy and helping private investment get moving again**

**(a) A new Solvency Support Instrument will mobilise private resources to support viable European companies in the sectors, regions and countries most affected. It can be operational from 2020 and will have a budget of EUR 31 billion, aiming to unlock EUR 300 billion in solvency support for companies.**

**(b) InvestEU will be upgraded to a level of EUR 15.3 billion to mobilise private investment across the EU. (c) A new Strategic Investment Facility will be built into InvestEU – to generate investments of up to EUR 150 billion in boosting the resilience of strategic sectors and key value chains in the internal market, thanks to a contribution of EUR 15 billion from Next Generation EU.**



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#### ***Learning the lessons of the crisis and addressing Europe's strategic challenges***

- (a) A new **Health Programme, EU4Health will**, strengthen health security and prepare for future health crises with a budget of **EUR 9.4 billion**.
- (b) **EUR 2 billion of additional funding will go to rescEU, the Union's Civil Protection Mechanism**, to equip the Union to prepare for and respond to future crises.
- (c) **EUR 94.4 billion will reinforce Horizon Europe**, to fund vital research in health, resilience and the green and digital transitions.
- (d) Europe's global partners will be supported through an additional EUR 16.5 billion **for external action**, including humanitarian aid.
- (e) **Other EU programmes** will be strengthened to align the future financial framework fully with recovery needs and strategic priorities. Other instruments will be reinforced to make the EU budget more flexible and responsive.

#### **EU policy response**

##### [A Franco-German Initiative for the European Recovery from the Coronavirus Crisis](#)

On 18 May 2020, Chancellor Merkel and President Macron presented a **Franco-German Initiative for the economic recovery of Europe following the coronavirus crisis aimed at:** (1) Strategic sovereignty in the health sector – elaboration of an EU "health strategy"; (2) Establishment of an ambitious economic recovery fund at EU level to foster solidarity and growth; (3) Acceleration of the Green Deal and digitalisation; (4) Strengthening economic and industrial resilience and the sovereignty of the EU, while generating new impetus for the Single Market.

During the press conference, Chancellor Merkel said that "we face a risk that the economic impact of this virus will undermine EU cohesion and that the cohesion we actually need no longer exists. That is why the recovery fund must play a part in enabling all countries in Europe to respond in the right way. This requires an extraordinary, one off exertion, one that Germany and France are willing to make..... That is why we want to launch a temporary fund of EUR 500 billion for EU budget expenditure. .... this would not provide loans, but rather budget funding for the sectors and regions hit hardest by the crisis. The Commission will raise money so that the recovery fund and the medium term budgetary framework will then make up the overall EU budget and provide significantly more funding in the first years after the crisis, in order to support the affected countries and sectors via the budget."

##### [An Emergency Fund to address the Covid-19 crisis, based on loans and avoiding debt mutualisation and significant increases of the EU budget \(a proposal by Austria, Sweden, Denmark and the Netherlands\)](#)

In this "non-paper" published by Politico on 23 May, the so-called "**Frugal Four**" distanced itself from the France-German proposal (see above), advocating a temporary, one-off loan based Emergency Fund



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to address the Covid-19 crisis. The recovery fund should be temporary and one-off, with a sunset clause after two years, and should not lead to debt mutualisation, according to the paper. Such a fund would allow loans to be made on favourable terms to member countries in need, while "limiting the risk to all Member States and providing sound incentives". Loan recipients should carry out structural reforms to make their economies more resilient, the four countries said.

#### [Parliament: EU27 need EUR 2 trillion recovery package to tackle COVID-19 fallout](#)

***On Friday 15 May, the EP adopted a resolution on the new MFF, own resource and the EU Recovery Fund by 505 votes in favour, 119 against and 69 abstentions.***

The Resolution states, among other things, that: the recovery efforts must address strongly social and economic inequalities and the needs of those hardest hit by the crisis; the new "recovery and transformation fund" must be of EUR 2 trillion in size, be financed "through the issuance of long-dated recovery bonds" and be "disbursed through loans and, mostly, through grants, direct payments for investment and equity"; the Commission is urged not to use "dubious multipliers to advertise ambitious figures", and not resort to "financial wizardry", as the EU's credibility is at stake.

The recovery plan must be provided on top of the next Multiannual Financial Framework (MFF), not to the detriment of existing and upcoming EU programmes; the MFF must be increased; the Parliament will use its veto powers if its demands are not met. The recovery money "should go to programmes within the EU budget", to guarantee parliamentary oversight and participation. Parliament must also be fully involved "in the shaping, adoption and implementation of the recovery fund". The Commission is warned to refrain from "any attempt to design a European recovery strategy that is outside the community method and resorts to intergovernmental means".

The recovery package must last long enough to tackle the "expected deep and long-lasting impact of the current crisis". Investments must be prioritised according to the Green Deal and the digital agenda and a new standalone European health programme should be created. A basket of new "own resources" should be created. As the ceiling for the EU revenue is expressed in GNI, which is expected to drop significantly due to the crisis, the resolution also calls for "an immediate and permanent increase of the Own Resources ceiling".

#### [Tourism and transport: Commission's guidance on how to safely resume travel and reboot Europe's tourism in 2020 and beyond](#)

On 13 May, the European Commission presented a package of guidelines and recommendations to help Member States gradually lift travel restrictions and allow tourism businesses to reopen, after months of lockdown, while respecting necessary health precautions.

The package includes: an [overall strategy](#) towards recovery in 2020 and beyond; a [common approach](#) to restoring free movement and lifting restrictions at EU internal borders in a gradual and coordinated way; a [framework](#) to support the gradual re-establishment of transport whilst ensuring the safety of



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passengers and personnel; a [recommendation](#) which aims to make travel vouchers an attractive alternative to cash reimbursement for consumers; [criteria](#) for restoring tourism activities safely and gradually and for developing health protocols for hospitality establishments such as hotels.

#### [Economy and Finance Ministers operationalise key EU response measures on 19/5](#)

On 19 May, a video conference of economy and finance ministers welcomed the adoption, by written procedure, of the regulation for temporary support to mitigate unemployment risks in an emergency (SURE) (see ECON Bulletin No 2). **SURE** is one of the three safety nets, worth EUR 540 billion, for jobs and workers, businesses and Member States, agreed by the Eurogroup on 9 April 2020. EU leaders endorsed the agreement on 23 April and called for the package to be operational by 1 June 2020. The safety net for member states, the **ESM's Pandemic Crisis Support, became operational on 15 May 2020** following political agreement on the instrument's features and standardised terms at the Eurogroup of 8 May, while the third net, the **European Investment Bank's pan-European guarantee fund**, is being finalised.

### Economic impact analysis

#### [Exceptional coronavirus support measures of benefit to EU regions](#)

##### ***EPRS Briefing, European Parliament, 19 May***

The coronavirus pandemic is affecting the EU's regions in various ways. Most of the deaths from the virus have so far been particularly concentrated in certain Italian, Spanish and French regions. Healthcare systems in many EU regions are under tremendous pressure. The pandemic is also having a severe impact on the European economy, which is likely to be felt in all EU regions and could well further impede the social, economic and territorial cohesion of the EU. The EU institutions are doing their best to make urgently operational the measures taken so far under various EU funds. Cohesion policy could be no exception to the rule and is being drawn on increasingly to provide emergency relief.

#### [Why the US jobless surge is worse than in Europe](#)

##### ***Gavyn Davies, Financial Times, 17 May***

The rise in the US unemployment rate since the start of the Covid-19 crisis has been much greater than that in Europe. Lockdowns in the US were less strict than in Europe. US businesses have responded to the events of the past few months by increasing the number of lay-offs much more rapidly than has happened in Europe, which could reflect the traditional hire-and-fire structure of the US labour market, but also the nature of emergency employment support measures introduced on either side of the Atlantic. In Europe, governments directly supported businesses that have kept workers formally “employed” in their original jobs, even if they are no longer working full time. In the US, government



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support has been aimed at income support for workers who have become unemployed, often with the result that some of those displaced are actually better off than in their full-time jobs before the crisis.

#### [Past investment in state capacity has been key for an effective country response to Covid-19 emergency](#)

***Mariana Mazzucato and Giulio Quaggiotto, Project Syndicate, 19 May***

The privatisation, outsourcing and budget cuts conducted on critical state capabilities by many governments during the last decades, aiming to become more "efficient", have weakened their response to the Covid-19 crisis. On the other hand, mission-driven countries that have invested in core public-sector capabilities and designed private-sector contracts that actually serve the public interest have reacted more effectively. In order to justify these statements, the authors contrast the US and UK experiences with the successful approaches taken by Vietnam, South Korea and New Zealand. In short, the emergency has evidenced the need for more state productive capacity, synergetic public-private collaborations and digital infrastructure, together with clearer privacy and security protocols. This learning outcome should be embedded into countries' institutional memory, significantly increasing their resilience to future challenges.

#### [An unchecked spread of Covid-19 would have entailed higher costs for the EU](#)

***Daniel Gros, CEPS, 5 May***

It is a widespread belief that "the great lockdown" implemented in Europe will lead its economy into a deep recession, with an expected GDP fall around 7% according to the IMF. Nonetheless, this figure should be contrasted to the medical costs and the value of lives lost that would have resulted from an unchecked spread of the virus. This policy insight by Daniel Gros (director at CEPS) shows that direct costs due to loss of working time and the medical costs needed to treat an infection could reach 14% of EU GDP. If adding the value of lives lost, the overall cost of doing nothing could add up to around 30% of GDP, or over EUR 300 billion for the EU. Therefore, and according to this policy insight, an unchecked spread of Covid-19 would have led to much higher costs than "the great lockdown".

### **Policy debate**

#### [Differences in state aid distort single market](#)

***Margrethe Vestager, Süddeutsche Zeitung, 18 May.***

The differences between the public aid distributed by Member States to deal with the coronavirus crisis begin to fragment the single market and slowing down the bloc's economic recovery. Of the almost EUR 2 trillion of state aid the Commission approved so far, under the ongoing temporary relaxation of the EU state aid rules, 51% were notified by Germany, followed by France (17%), Italy (15.5%), the United Kingdom (4%), Belgium (3%) and Poland (2.5%). The EU economic recovery



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strategy should take a horizontal and coherent approach across the EU, targeting the countries that have suffered most from this crisis.

#### [We have to address the fragility of some of our important companies](#)

##### ***Thierry Breton presenting the strengthened InvestEU, 27 May***

We must avoid macroeconomic fragmentation but also the fragmentation of the internal market, by compensating for the increased differences brought by Covid-19. But there are also other vulnerabilities that appear, in particular the artificial, temporary, cyclical fragility of some of our important companies, key to the sovereignty of our European continent. We can think of health, but we can also think of key technologies, those of digital but also those of tomorrow, quantum technology, that of space, those related to our strong ambition of the green pact. The time has come to think of the European project as a vector of "hard power" in addition to its "soft power" project.

#### [Hogan's view: Working towards a EU strategic autonomy and the protection of EU strategic assets](#)

In his introductory statement at an informal meeting of EU Trade Ministers held on 16 April, Commissioner **Phil Hogan** expressed his view on the main issues surrounding international trade during Covid-19. He emphasised the need for a rules-based trade and the importance of respecting the single market, with no internal barriers to intra-EU trade. He also highlighted the significance of ensuring the EU's strategic autonomy, which will require an evidence-based discussion on how to build resilient supply chains, based on diversification, and on how to address strategic stockpiling. The EC adopted some guidelines on FDI in order to protect the EU's strategic assets and avoid potential sell-offs of critical infrastructures, resulting from the current volatility and undervaluation of European stock markets. Member States are encouraged to take all the necessary measures to protect strategic assets and to cooperate on FDI screening, for which they will also receive EC support.

#### [Germany wants a strong Italy](#)

##### ***Armin Laschet, Corriere della Sera, 17 May***

In an interview with Corriere della Sera, the Minister-President of North Rhine-Westphalia states that "Germany will be strong again only if Italy is also strong.... Italy is one of our key trading partners. All EU Member States are equally hit by the pandemics and this is why we need a big supportive European solution through the EU budget, that is planned now. [...] On legal issues concerning the European institutions, the decisive instance is the European Court of Justice."



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[Failure of storytelling stokes identity politics in Europe. To defeat Euroscepticism, leaders in Brussels must change the narrative](#)

**Wolfgang Münchau, *Financial Times*, 17 May**

"Yet it is the stories we keep telling that influence policy. It will be hard to persuade northern Europeans of the virtues of fiscal integration if they view the austerity policies of the eurozone crisis as a huge success, as some do. Elsewhere, what people may remember most from the episode is the 52 per cent rise in Greek suicide rates between 2010 and 2016, or the insensitive comments of a former Dutch finance minister and the current one. If you want to defeat Euroscepticism, get your story straight first. You may then find it easier to sell your policies."

[Helicoptering money into Europe](#)

**Brunello Rosa, *CEPS*, 6 May**

Many governments and central banks have adopted fiscal and monetary easing reforms, sometimes in a coordinated manner that results in the known as "helicopter money", money sent directly to the public, without debt. However, the EU/EZ institutional setting hinders the opportunity to adopt this fiscal-monetary cooperation, with the fiscal response highly dependent on national governments. The author affirms that in order to deliver helicopter money in the EU/EZ, there should be a federalisation of national debt and/or the ECB should be allowed to engage in monetary financing of national budgets deficits. Since both measures seem unfeasible, the author proposes a solution to overcome these obstacles: the "EUROPA CARD". Eurozone governments could make a direct monetary transfer to its citizens, of the same share of GDP, through a pre-paid credit card, with an expiry date, allowing liquidity to reach everybody. Potentially financed by national governments bonds, and since the ECB is purchasing them this year, the ECB could be the issuer of the card. The card could also be used to distribute the funds that Member States may receive from the potential EU recovery fund.

[German court decides to take back control with ECB ruling. Future historians may mark this as the decisive turning point in Europe's history towards disintegration](#)

**Martin Wolf, *Financial Times*, 12 May**

The German constitutional court launched a legal missile into the heart of the EU. Its judgment is extraordinary. It is an attack on basic economics, the central bank's integrity, its independence and the legal order of the EU. The EU is an integrated legal system, or it is nothing. It rests on the acceptance by all Member States of its authority in areas of its competence.

[German ECB executive shrugs off court ruling against bond buying](#)

**Isabel Schnabel, *Financial Times*, 27 May**

"We have to avoid a situation in which one national central bank cannot participate in our asset-purchase programmes. [...] One number... of particular interest is the evolution of the medium-term



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inflation outlook. If we see that the situation has deteriorated, and if we judge that further stimulus is needed then the ECB will be ready to expand any of its tools in order to achieve its price stability objective. [...] Germany is one of the countries that has benefited a lot from the euro and therefore it shouldn't be the country that is most critical about it. [...] Many of the narratives that are very popular in Germany cannot be maintained because they simply do not match the facts.'

#### [Lost in translation?](#)

***Guntram Wolff, The Why Axis, Bruegel, 14 May***

Every economist knows that there are no clear boundaries between fiscal and monetary policy. But the founders of the euro area have agreed on a single monetary policy but not on a single fiscal policy, thus creating an incomplete monetary union. It is now high time that the euro area works on creating a large EU safe asset to remove this fundamental problem. The court's ruling increases the urgency to address this but at the same time its interpretation of EU and German law has made finding a solution much more difficult.

#### [The message in the ruling](#)

***Jean Pisani-Ferry, Blog, Bruegel, 12 May***

There are very good arguments to support the relaxation of ECB self-imposed limits to asset purchases decided on 18 March. These limits were largely arbitrary. But the Karlsruhe ruling has made the ECB lose some of its magic. What the German judges are telling European leaders in their lopsided way is that decisions for which they ought to take ownership should not be delegated to an unelected body. This is an uncomfortable truth. But the time has come for EU and its Member States to face it.

#### [Coronavirus: Prevent Seeding and Spreading.](#)

***Tomas Pueyo, Medium.com, 13 May***

In the latest of his essays on how to deal with the coronavirus, all available on Medium.com in several languages, [Tomas Pueyo](#) compares policy responses in several countries to find tips to go ahead. He has some bad news: "We will likely need to heavily slow down national and international tourism for months; Big events like business fairs or music concerts will need to remain closed for now." But he also sees good news: "We should still be able to travel for one-way or very long trips; There are ways we can accelerate the reopening of tourism; We can probably reopen schools; A clear order is emerging for which businesses should reopen. The most important to keep open are likely banks, grocery, and general stores, and the least important are likely cafés, dessert parlors, and gyms."



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#### Responses at regional and local level

##### **Lazio (Italy)**

Lazio Region has taken many different actions to support business in the region, among others: a [“Ready Cash plan”](#) consisting on a special contribution to the National Guarantee Fund to extend the guarantee schemes for regional businesses and institutions (EUR 20m), the creation of a fund for small loans up to EUR 10 000, at zero interest rate and with simplified procedures (EUR 55 million) and a subsidised funding scheme for loans with a reduced interest for amounts higher than EUR 10 000 (activating EUR 100 million); EUR 2 million fund for grants of EUR 2 000 to 22 500 to support the adoption and implementation of [smart working plans](#); [moratorium](#) up to 12 months of loan instalments due to the region and the suspension for 2 months of the repayments for those benefiting from regional funding programmes. [Other measures](#) include the suspension of the payment of certain regional taxes, support for families in difficulty for the purchase of food (EUR 21 million) and for their rent payments (EUR 43 million), support to traders and craftsmen to pay their rents (EUR 23 million) and support to the agriculture sector (EUR 10 million).

##### **Galicia (Spain)**

[In the business field](#), the Xunta de Galicia provided financing for restructuring of manufacturing processes to produce the necessary sanitary and medical equipment (EUR 10 million), deferred the repayment instalments of interest on loans, and provided liquidity with an endowment of EUR 30 million which, expanding the existing guarantee schemes, will mobilise [EUR 250 million in loans](#) to support the self-employed and SMEs. The regional government has also recently approved a [digitalisation plan](#) (EUR 23.5 million) aimed to support businesses in their adaptation to the new digital context: EUR 4 million to facilitate teleworking, EUR 3 million to promote digitalisation in rural areas and in the social economy, EUR 6 million to boost the internationalisation processes of SMEs and the self-employed, etc.

##### **Virovitica-Podravina County (Croatia)**

A regional [package of measures](#), which will exceed KRK 3 million (approx. EUR 110 000), has been announced to support businesses. These measures include rent exemptions for tenants of the businesses incubators in the county, exemption of irrigation fees for farmers, extension of support in programmes aimed at entrepreneurs in the wood processing and craft industry, and increasing by 150% the lending programs for women, youth and start-up entrepreneurs, rising the sum of potential credits up to approx. EUR 910 000. No ongoing project in the county has been stopped, even the county will take out loans to [ensure the payment for their suppliers](#). In addition, a [support team](#) was created to help entrepreneurs to apply for COVID-19 schemes.



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#### **Baden-Württemberg (Germany)**

The Baden-Württemberg region has recently agreed on a [second large aid package amounting to EUR 1.5 billion](#) to support their economy. In particular, EUR 775 million coming from state funds will be allocated to direct financial aid for SMEs and the self-employed, EUR 330 million to the gastronomy and hotel sector, providing one-time aids of EUR 3 000 per establishment and EUR 2 000 per full-time employee, EUR 240 million to public transport and tourist bus transport sector, EUR 65 million to provide digital devices for schools, EUR 50 million for clubs and associations and EUR 40 million for cultural institutions. [Many different measures](#) have also been adopted by the state, such as non-repayable grants up to EUR 30 000 for three months for companies from 10 up to 50 employees, a wide range of credit lines issued by L-Bank with advantageous terms and with extensive guarantees schemes available, an investment fund to provide SMEs with equity support, a funding programme for start-ups based on reimbursable grants up to EUR 200 000, etc.

#### **Tuscany (Italy)**

The Region of Tuscany has implemented many measures to support businesses and employment. First, it activated three instruments to facilitate access to credit: a special regional section of the National Guarantee Fund (EUR 21.5 million), extending the coverage up to 90%, a regional guarantee fund for those not meeting the requisites to access the National Guarantee (EUR 10.5 million), and a regional fund for capital contributions to reduce the costs of guarantee operations (EUR 6 million). In addition, it is also possible to request the postponement of loan instalments which fall under the programme “Garantia Toscana”. Other measures include: the possibility for workers to have their layoff benefits in advance without any expense; further support for the farming, floriculture and fisheries sector (e.g. EUR 8.5 million for Tuscan agriculture); the simplification and acceleration of public investment; and the creation of a crisis management team to deal with the challenges faced by the tourism industry in the region, with “digital labs” constantly taking place so that operators can access training and gather ideas for future strategies. These actions and many others can be found [here](#) and [here](#).

#### **Andalusia (Spain)**

The Regional government of Andalusia adopted an [economic plan](#) which expects to mobilise EUR 900 million to mitigate the impact of Covid-19. These measures include: a contribution to the Reciprocal Guarantee Society so that operations can be endorsed (EUR 36 million) and new guarantee lines to be allocated within existing credit lines for working capital (EUR 20 million), which together will mobilise up to EUR 600 million; postponement of payment of regional taxes with an impact of EUR 270 million; and increasing the aid aimed at digital transformation projects of SMEs by EUR 9 million, up to a total of EUR 22 million. [Other economic measures](#) are the moratorium on mortgages payments and rent support schemes for vulnerable groups.



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#### **Pyrenees-Mediterranean Euroregion (Catalonia (ES), Balearic Islands (ES) and Occitanie (FR))**

The [Pyrenees-Mediterranean Euroregion \(PME\)](#) has created a EUR 700 000 fund for partnership projects and prospective studies focused on its main five subject areas: innovation, environment and climate change, higher education and research, tourism and culture. A wide range of actors will be eligible for the fund, such as entrepreneurs, universities, research centres, territorial entities, etc. The Euroregional aid fund will last for 18 months and its objective will be to explore solutions and develop a higher resilience capacity to face the current adversities in each of its subject areas.

#### **Métropole Nice Côte d'Azur (France)**

The Métropole Nice Côte d'Azur adopted [several measures](#) to support small local companies. It improved the terms of advance payments for public contracts by advancing 40% of the initial amount, even 100% for contracts relating to sanitary devices. It also launched a rent support scheme consisting of grants up to EUR 500 for companies with less than 5 employees whose turnover does not exceed EUR 250 000, already [benefiting over 2 500 businesses](#) with a total sum of EUR 1 million. Companies and associations on the metropole premises are exempt from rent payments. The city of Nice also launched a [virtual trading platform](#) to support local businesses and products.

#### **Espoo (Finland)**

The City of Espoo has prepared a [25-point package of measures](#) to support companies and the sports and cultural sector. Many of them are addressed to support the suppliers who have contracts with the city, such as the renegotiation of their contractual obligations to ensure their business continuity or financing their material purchases. Other measures are rent exemptions for cultural operators, companies and entities on city-owned premises who have had to close their doors, and rental subsidies (EUR 300 000) and the increase of existing support (by EUR 100 000) to sports clubs. [Business Espoo experts](#) also provide full support to entrepreneurs both in access to support aids and in legal and financial consultancy services. [Operating support for sole proprietors](#) in Espoo is also underway.

#### **Torres de Vedras (Portugal)**

The City of Torres de Vedras is implementing an [Extraordinary Municipal Support Programme](#), consisting of 39 temporary measures, for which it will give up EUR 2.4 million in revenue while allocating EUR 1.5 million to their implementation. The city decided to reduce taxes in areas such as water supply, sanitation and waste, and exempt those related to the occupation of public space, advertising and surface parking. It also exempted rent payments for residents in social housing and for commercial establishments in municipal spaces, and reduced them by 25% if they have kept their commercial activity. Other measures are the reduction of payment terms to suppliers and the creation of a job marketplace platform focusing on the agricultural sector, direct financial support for housing



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emergencies, vouchers for low income families to purchase essential goods and a 25% increase of the annual support for creative and cultural organisations.

#### **Częstochowa (Poland)**

In addition to the state and regional support measures, the city of Częstochowa has taken several measures to protect their local entrepreneurs, despite the expected [loss of income](#) due to the Covid-19 crisis estimated at PLN 100 million (approx. EUR 22.2 million). Upon request, [entrepreneurs](#) can be granted the postponement of their rents, lease or use of real estate belonging to the city and can have their local taxes and fees deferred or spread into instalments, without paying the extension fees. The "Częstokocham" Association also created a [platform](#) where local entrepreneurs can offer their services with attractive discounts to customers who are paying today but receiving the service after the pandemic.

#### **Lyon Metropole (France)**

In order to mitigate the economic impact of Covid-19 crisis on its economic fabric, [the Lyon Metropole](#) has implemented the following measures: EUR 100 million in emergency aid for VSEs and SMEs in addition to the provided by the State; an extra top-up of EUR 1 000 to be added to the exceptional aid from the State for businesses (EUR 1 500 aid); suspension of rents for companies operating in Lyon Metropole properties; the postponement of the collection of tourist taxes; and the mobilisation of EUR 140 000 in exceptional aid for associations working with the most vulnerable groups. The Metropole has also launched a [website which includes multiple initiatives](#) in areas such as shopping and eating local, aid to food producers or for other solidarity purposes.

#### **Sibiu (Romania)**

The City of Sibiu, in line with the measures adopted by the central authorities and in order to support its business environment, has exempted the payment of certain local taxes, such as [terrace](#), [sanitation](#) and [hotel](#) taxes; the payment of [other local taxes](#) has been postponed.

#### **Rundāle municipality (Latvia)**

In order to support local businesses, the [Rundāle municipality](#) has extended the payment deadline of the property tax, offered co-financing for businesses to create new products and services or new jobs, as well as consulting services on issues related to Covid-19. Local businesses can report their problems to the municipality in a simplified way and a list of [local home manufacturers](#) has been created, including contact information and the different products they offer.



### **COVID-19 Restart Grant from Irish Local Authorities**

Local SMEs can already made their [applications to the Irish local authorities for the "Restart Grants"](#). The new EUR 250 million "Restart Grant" is a direct grant aid to help SMEs with the costs of reopening or keeping a business operational and re-connecting with employees and customers. The grant will be the amount of a business' rates assessment for 2019, subject to a minimum of EUR 2 000 and a maximum of EUR 10 000. They will be available to business with a turnover of less than EUR 5 million, with less than 50 employees and with more than a 25% loss of revenue to 30 June 2020. These small grants can make a great difference for local businesses, helping them to remain open or reopen again. It is important to acknowledge the vital role of local businesses in the social fabric of Irish villages, towns and counties; they are key for the future economic recovery, not only in Ireland, but also across Europe.

### **Summary tables of regional & local measures by type of response**

*The following tables outline some of the measures taken by different local and regional governments, those covered in ECONomic Bulletins no. 1, 2, 3, 4, 5 and 6. This is not meant to be an exhaustive list. We are interested in finding out about economic measures of any kind, adopted or planned by other local and regional governments, to contribute to this collective learning exercise, to help create synergies while suggesting potential lines of action. Your contribution is welcome and can be sent to [econ@cor.europa.eu](mailto:econ@cor.europa.eu).*

<b>Regional responses</b>	<b>Regions</b>
Direct aids (grants) to the self-employed and/or SMEs	<a href="#">North Rhine-Westphalia</a> , <a href="#">Catalonia</a> , <a href="#">Basque Country</a> , <a href="#">Murcia</a> , <a href="#">Pays de la Loire</a> , <a href="#">Malopolska</a> , <a href="#">Corsica</a> , <a href="#">Valle D'Aosta</a> , <a href="#">Flanders</a> , <a href="#">Azores</a> , <a href="#">Nouvelle-Aquitaine</a> , <a href="#">Wallonia</a> , <a href="#">Hesse</a> , <a href="#">Asturias</a> , <a href="#">Hauts-de-France</a> , <a href="#">Bavaria</a> , <a href="#">Bretagne</a> , <a href="#">Région Sud</a> , <a href="#">Silesia</a> , <a href="#">Sicily</a> , <a href="#">Galicia</a> , <a href="#">Andalusia</a> , <a href="#">Lazio</a> , <a href="#">Baden-Württemberg</a>
Establishment of credit lines with advantageous terms	<a href="#">Murcia</a> , <a href="#">North Rhine-Westphalia</a> , <a href="#">Navarra</a> , <a href="#">Sicily</a> , <a href="#">Pays de la Loire</a> , <a href="#">Podkarpackie</a> , <a href="#">Malopolska</a> , <a href="#">Lubelskie</a> , <a href="#">Catalonia</a> , <a href="#">Basque Country</a> , <a href="#">Łódzkie</a> , <a href="#">Nouvelle-Aquitaine</a> , <a href="#">Wallonia</a> , <a href="#">Hesse</a> , <a href="#">Lombardy</a> , <a href="#">Bavaria</a> , <a href="#">Bretagne</a> , <a href="#">Région Sud</a> , <a href="#">Zuid-Holland</a> , <a href="#">Silesia</a> , <a href="#">Lazio</a> , <a href="#">Baden-Württemberg</a>
Expansion of the guarantee schemes for loans	<a href="#">Pays de la Loire</a> , <a href="#">Navarra</a> , <a href="#">Corsica</a> , <a href="#">Valle D'Aosta</a> , <a href="#">North Rhine-Westphalia</a> , <a href="#">Catalonia</a> , <a href="#">Flanders</a> , <a href="#">Łódzkie</a> , <a href="#">Wallonia</a> , <a href="#">Hesse</a> , <a href="#">Asturias</a> , <a href="#">Lombardy</a> , <a href="#">Hauts-de-France</a> , <a href="#">Bavaria</a> , <a href="#">Bretagne</a> , <a href="#">Région Sud</a> , <a href="#">Sicily</a> , <a href="#">Galicia</a> , <a href="#">Andalusia</a> , <a href="#">Tuscany</a> , <a href="#">Lazio</a> , <a href="#">Baden-Württemberg</a>
Support systems for the granting of loans at 0% rate	<a href="#">Pays de la Loire</a> , <a href="#">Corsica</a> , <a href="#">Basque Country</a> , <a href="#">Nouvelle-Aquitaine</a> , <a href="#">Central Bohemia</a> , <a href="#">Bretagne</a> , <a href="#">Région Sud</a> , <a href="#">Sicily</a> , <a href="#">Murcia</a> , <a href="#">Lazio</a>
Refinancing, adaptation or extension of existing funding in repayable advances	<a href="#">Corsica</a> , <a href="#">Basque Country</a> , <a href="#">Pays de la Loire</a> , <a href="#">Nouvelle-Aquitaine</a> , <a href="#">Hauts-de-France</a> , <a href="#">Bretagne</a> , <a href="#">Région Sud</a> , <a href="#">Lazio</a>



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Exemption, discount, deferment or fractionation of regional taxes	<a href="#">Lombardy</a> , <a href="#">Valle d'Aosta</a> , <a href="#">Istria</a> , <a href="#">Catalonia</a> , <a href="#">Navarra</a> , <a href="#">North Rhine-Westphalia</a> , <a href="#">Murcia</a> , <a href="#">Flanders</a> , <a href="#">Klaipėda</a> , <a href="#">Hesse</a> , <a href="#">Asturias</a> , <a href="#">Zuid-Holland</a> , <a href="#">Offaly</a> , <a href="#">Sicily</a> , <a href="#">Andalusia</a> , <a href="#">Lazio</a>
Postponement or exemption of rent payments of business premises linked to the government	<a href="#">Lubelskie</a> , <a href="#">Istria</a> , <a href="#">Basque Country</a> , <a href="#">Klaipėda</a> , <a href="#">Asturias</a> , <a href="#">Virovitica-Podravina</a>
Creation of a virtual marketplace promoting business collaboration to face the health emergency	<a href="#">Zwolle</a> , <a href="#">Catalonia</a> , <a href="#">Navarra</a> , <a href="#">Nouvelle-Aquitaine</a> , <a href="#">Rhineland-Palatinate</a> , <a href="#">Murcia</a>
Creation of a support team for businesses to disseminate information on existing support and offer consultancy services	<a href="#">Zwolle</a> , <a href="#">Catalonia</a> , <a href="#">Nouvelle-Aquitaine</a> , <a href="#">Hauts-de-France</a>

Local Responses	Cities
Exemption, suspension, deferment or discount of rent payments	<a href="#">Utrecht</a> , <a href="#">Barcelona</a> , <a href="#">Lisbon</a> , <a href="#">Luxembourg</a> , <a href="#">Braga</a> , <a href="#">Debrecen</a> , <a href="#">Gothenburg</a> , <a href="#">Tallinn</a> , <a href="#">Lille</a> , <a href="#">Hamburg</a> , <a href="#">Lodz</a> , <a href="#">Ghent</a> , <a href="#">Warsaw</a> , <a href="#">Stuttgart</a> , <a href="#">Valencia</a> , <a href="#">Valenciennes</a> , <a href="#">Mafra</a> , <a href="#">Zagreb</a> , <a href="#">Vienna</a> , <a href="#">Sofia</a> , <a href="#">Mannheim</a> , <a href="#">Sintra</a> , <a href="#">Hradec Králové</a> , <a href="#">Lappeenranta</a> , <a href="#">Katowice</a> , <a href="#">Espoo</a> , <a href="#">Tampere</a> , <a href="#">Nice</a> , <a href="#">Lyon</a> , <a href="#">Torres de Vedras</a> , <a href="#">Częstochowa</a>
Exemption, suspension, deferment or discount of taxes/fees collection	<a href="#">Utrecht</a> , <a href="#">Madrid</a> , <a href="#">Nantes</a> , <a href="#">Barcelona</a> , <a href="#">Lisbon</a> , <a href="#">Berlin</a> , <a href="#">Braga</a> , <a href="#">Amsterdam</a> , <a href="#">Gothenburg</a> , <a href="#">Bilbao</a> , <a href="#">Tallinn</a> , <a href="#">Lille</a> , <a href="#">Hamburg</a> , <a href="#">Lodz</a> , <a href="#">Ghent</a> , <a href="#">Cork</a> , <a href="#">Pirovac</a> , <a href="#">Valencia</a> , <a href="#">Valenciennes</a> , <a href="#">Florence</a> , <a href="#">Mafra</a> , <a href="#">Zagreb</a> , <a href="#">Sofia</a> , <a href="#">Mannheim</a> , <a href="#">Sintra</a> , <a href="#">Kungsbacka</a> , <a href="#">Hradec Králové</a> , <a href="#">Katowice</a> , <a href="#">Sibiu</a> , <a href="#">Torres de Vedras</a> , <a href="#">Częstochowa</a> , <a href="#">Rundāle</a>
Creation of a support team available via online or hotline to disseminate information on existing support or consultancy services	<a href="#">Nantes</a> , <a href="#">Lisbon</a> , <a href="#">Braga</a> , <a href="#">Stuttgart</a> , <a href="#">Gothenburg</a> , <a href="#">Bilbao</a> , <a href="#">Valencia</a> , <a href="#">Mafra</a> , <a href="#">Vienna</a> , <a href="#">Mannheim</a> , <a href="#">Kungsbacka</a> , <a href="#">Katowice</a> , <a href="#">Espoo</a>
Financial aid or increase of existing funds addressed directly or indirectly to local companies or the self-employed	<a href="#">Vienna</a> , <a href="#">Dusseldorf</a> , <a href="#">Lisbon</a> , <a href="#">Berlin</a> , <a href="#">Hamburg</a> , <a href="#">Amsterdam</a> , <a href="#">Valencia</a> , <a href="#">Valenciennes</a> , <a href="#">Mannheim</a> , <a href="#">Sintra</a> , <a href="#">Espoo</a> , <a href="#">Nice</a> , <a href="#">Lyon</a>
Initiatives involving the economic contribution of private stakeholders with positive impact on the most affected	<a href="#">Zaragoza</a> , <a href="#">Milan</a>
Compensation schemes for SMEs and entrepreneurs having contracts with the municipality	<a href="#">Utrecht</a> , <a href="#">Barcelona</a> , <a href="#">Tallinn</a> , <a href="#">Espoo</a> , <a href="#">Nice</a>



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Payment of damages (e.g. cancelled events)	<a href="#">Utrecht</a> , <a href="#">Berlin</a> , <a href="#">Tallinn</a>
Creation of a website gathering local initiatives	<a href="#">Ghent</a> , <a href="#">Lodz</a> , <a href="#">Pinzgau</a> , <a href="#">Florence</a> , <a href="#">Mannheim</a> , <a href="#">Nice</a> , <a href="#">Lyon</a> , <a href="#">Częstochowa</a>
Loan guarantees	<a href="#">Berlin</a> , <a href="#">Hamburg</a> , <a href="#">Sofia</a>
Webinars and similar online activities	<a href="#">Braga</a> , <a href="#">Zaragoza</a>

#### **Useful links**

- Eurostat webpage dedicated to Covid-19 <https://ec.europa.eu/eurostat/web/covid-19/overview>
- [European Commission's dedicated Coronavirus response website](#)
- [European Commission, Policy measures taken by the EU Member States against the spread and impact of the coronavirus \(update 28 May\)](#)
- OECD Digital hub on data and policy responses to Covid-19 <http://www.oecd.org/coronavirus/en/>
- IMF, Policy Responses to Covid-19. Policy Tracker <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#U>
- [Oxford COVID-19 Government Response Tracker](#) The Oxford COVID-19 Government Response Tracker (OxCGRT) aims to track and compare government responses to the coronavirus outbreak worldwide rigorously and consistently.
- Fondation Robert Schuman, COVID-19: LES RÉPONSES EUROPÉENNES, UN TABLEAU COMPLET, Lettre Spéciale (Update 4 May 2020) <https://www.robert-schuman.eu/fr/doc/actualites/covid19-26032020-fr.pdf>
- The fiscal response to the economic fallout from the coronavirus, Bruegel Datasets <https://www.bruegel.org/publications/datasets/covid-national-dataset/#belgium>



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- The European Parliamentary Research Service is publishing a series of briefings on the emergency measures adopted by individual Member States. So far, two briefings have been published:
  - [Belgium, France, Germany, Hungary, Italy, Poland and Spain](#)
  - [Bulgaria, Estonia, Latvia, Malta, Austria, Romania, and Slovenia](#),
- A summary of national measures to support SMEs <http://www.eurada.org/covid-19/>
- CPMR Special newsletter <https://mailchi.mp/crpm/covid19news>
- ESPON programme pooling local experiences and territorial policy responses: <https://www.espon.eu/collecting-experiences-and-evidence-local-and-regional-responses-covid19>
- Regional Studies Association, evidence about how regions, cities and industry are dealing with the impact of the Coronavirus: <https://www.regionalstudies.org/about/pandemics-cities-regions-industry/>
- Eurocities online platform (with response actions undertaken by members): <https://covidnews.eurocities.eu/>
- CEMR National associations as essential information hubs for local governments on the coronavirus: <https://www.ccre.org/en/actualites/view/3997>
- Association of European regions COVID-19 Hub: <https://aer.eu/covid19/>
- Association of Cities and Regions for Sustainable Resource Management: <https://www.acrplus.org/en/municipal-waste-management-covid-19>
- [ERSA Forum on multiple impacts of Coronavirus](#)  
**The European Regional Science Association (ERSA) is the supranational grouping of national regional science associations across Europe.** On this page, ERSA publishes interesting scientific points received by regional scientists and in relation to the current pandemic. It can be existing researches, or starting ones, or scientific reflections good to exchange.