The COVID-19 pandemic is having substantial repercussions on European economies. The Commission for Economic Policy (ECON) at the European Committee of the Regions will prepare 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.

‘Since our last bulletin, the number of COVID-19 cases across Europe has continued to grow, alarmingly so in some countries, while elsewhere, the curve of infections is beginning to plateau or even flatten. Our thoughts and prayers are once again with those who have lost loved ones, and to health professionals and all those whose efforts go to keep wider life functioning as best as possible. Multi-level responses to the Covid-19 pandemic go from a focus on a united response to the ongoing health challenge, to securing Europe’s critical infrastructure, to targeting help to where it is most needed, and looking beyond to recovery and future preparedness.

At EU level, further initiatives have come forward with the aim of a joined-up and harmonised response across EU Member States. The European Commission has this week laid down guidelines with assessment criteria, stringent conditions based on expert guidance in the public interest and a roadmap, for Member States, once it is deemed appropriate, to commence with a gradual lifting of confinement measures. For the majority of countries, we are unfortunately not yet at this stage.

Recent EIF enhancements particular to COSME & InnovFin, with the redirecting of EFSI resources to help SMEs alleviate liquidity and working capital shortfalls, is to be welcomed. Much discussion now focuses on the likes of contact tracing apps and the delicate balancing act to be done. The Eurogroup has reached a first agreement on providing Member States with substantial liquidity. EU leaders are expected, on 23 April, to discuss a new EU recovery fund. We hope for an ambitious result that helps the most affected people, businesses and regions. EU cities and regions remain on the frontline of the response: several examples of their actions are provided here, often based on contributions and input material from CoR Members.

Our bulletin is meant to facilitate the exchange of experiences and to be a hub for peer review between EU cities and regions. Indeed, mutual learning is essential for cities and regions to face the current challenges, and for the EU and its Member States to better calibrate its support. This is why we, at the ECON Commission, are inviting CoR Members and other readers to keep providing us with fresh information on what is happening on the ground. For some time longer, we are coming together by staying apart. May each of you stay safe and well during these unprecedented times.’

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

EC Communication - A European roadmap to lifting coronavirus containment measures
On 15 April, the Commission presented its roadmap to gradually restore economic and social activities, building on the following key principles: Good timing (fulfilling minimum epidemiological criteria); Appropriate health system, monitoring, testing and tracking capacity; European approach (balancing public health priorities with social and economic ones); Coordination between Member States (at a minimum, Member States should notify each other and the Commission in due time before they lift measures and take into account their views).

Phasing-out confinement requires accompanying measures, including: Gathering harmonised data and developing robust/privacy proof reporting and contact tracing; Expanding testing capacity and harmonising testing methodologies; Increasing the capacity and resilience of national health care systems; continuing to reinforce medical and personal protective equipment capacities; Developing safe and effective treatments and medicines (including a vaccine).

Concrete recommendations to Member States include: Action should be gradual; General measures should progressively be replaced by targeted ones; Internal border controls should be lifted in a coordinated manner; The re-start of economic activity should be phased-in (so that the entire population should not return to the workplace at the same time); Gatherings of people should be progressively permitted, as well as commercial (retail) and social activity; Efforts to prevent the spread of the virus should be sustained; Action should be continuously monitored and preparedness developed for returning to stricter containment measures as necessary.

On this basis, the Commission will develop a Recovery plan, including a revamped Multiannual Financial Framework and the updated Commission Work Programme for 2020.

Eurogroup meeting of 9 April 2020 and following remarks by Mario Centeno
On 9 April, the EU and Eurogroup Finance Ministers agreed on a comprehensive economic policy response to the COVID19 outbreak at the EU level, on top of the actions taken in the previous weeks. As President Centeno put it, the challenge was avoiding ‘doing too little, too late’, and acting with solidarity to stop ‘deep fragmentation in the euro area’ due to Member States’ different capacity to respond.

Three decisions were taken, (a) for workers (the new temporary European instrument called SURE will support short-time work, unemployment benefits and many other schemes), (b) for businesses,
in particular small and medium-sized enterprises (the EIB is to create a pan-European shield which aims to guarantee 200 billion euros of lending with a focus on SMEs), and (c) for countries (the new Pandemic Crisis Support for the amount of 2% of member states’ GDP, for euro area countries, in the context of the ESM, with no conditionality, provided that country would commit to using it to support direct and indirect healthcare, cure and prevention related costs due to the COVID 19).

These three new EU instruments add up to around half a trillion euros.

The Finance Ministers also agreed to develop the idea of a Recovery Fund, while leaving open the discussion on how to fund it. Whether this should be done via common debt issuance remains a controversial issue, which will be discussed by the European Council on 23 April.

**EP Resolution on EU coordinated action to combat the Covid19 Pandemic and its Consequences**

At its Plenary Session on 16-17 April, the European Parliament is expected to vote on a non-binding resolution signed by Manfred Weber and Esteban Gonzalez Pons, on behalf of the EPP Group, Iratxe García Pérez (S&D), Dacian Cioloş (Renew Europe) and Philippe Lamberts (Greens/EFA Group). In the draft text, the European Parliament asks the European Commission to come up with a massive recovery and reconstruction package for investment as part of the new Multiannual Financial Framework (MFF) and “beyond what the European Stability Mechanism, the European Investment Bank and the European Central Bank are already doing”. “The necessary investment would be financed by an increased MFF, the existing EU funds and financial instruments, and recovery bonds guaranteed by the EU budget; this package should not involve the mutualisation of existing debt and should be oriented to future investment,” the document states.

As a background for the discussion, the European Parliamentary Research Service (EPRS) issued on 16 April a blog post on “The EU’s global response to coronavirus”.

**State aid temporary framework: recapitalisation of companies**

On 9 April, the Commission proposed to extend further the scope of the State aid Temporary Framework enabling Member States to provide recapitalizations of companies in need (public support in the form of equity or hybrid capital instruments). Such public interventions should remain measures of last resort given their likely impact on competition in the Single Market. They will also be subject to clear conditions as regards the State's entry, remuneration and exit from the companies concerned, strict governance provisions and appropriate measures to limit potential distortions of competition.
**Grants to youth associations top face Covid-19-related local needs**

EU call for grant applications for pilot activities responding to local needs arising from the COVID-19: youth associations can get funded up to 10,000 Euros for corona-response at local level.

**Economic impact analysis**

**COVID-19 Shutdown: what recovery to expect?**

On 14 April, CEPS director Daniel Gros and Barry Eichengreen (UC Berkeley) discussed on when will economic recovery take place and how strong it will be. Daniel Gros was more optimistic, also considering that the US and the EU are providing abundant liquidity to the economy. However, Covid-19 will broaden the gap between EU member countries, with Italy and Spain suffering more because of falling tourism, already high indebtedness and poor quality of the public administration. Barry Eichengreen was pessimist about the possibility to ‘flatten the recession curve’ in the US, because of the strong aggressivity of the virus and the challenge of testing those going back to work, the unpredictability of the policy response, the impact of the global crisis and possible changes in consumers’ behaviour, with a higher saving propensity leaving demand subdued for a long time.

**World Economic Outlook, April 2020: Chapter 1 (April 2020) The Great Lockdown**

On 14 April, the IMF published a quite pessimistic forecast, according to which Covid-19 will result in the global economy contracting sharply by –3 percent in 2020, much worse than during the 2008–09 financial crisis. Assuming that the pandemic fades in the second half of 2020, containment can be gradually lifted, and economic activity normalizes, the global economy is forecast to grow by 5.8 percent in 2021. However, this is crucially dependent from successful policy support, and the risks for even more severe outcomes remain substantial.

**Barry Eichengreen Donald Trump is wrong, the economic hit of the coronavirus will last for years**

*Barry Eichengreen (UC Berkeley), The Guardian, 13 April*

In the aftermath of the pandemics, firms and individuals may spend less for precautionary reasons, thus public expenditure should jump in and not be discontinued too soon as it happened in the 2008 crisis. The damage may turn out to be a lasting one also on the supply side, with supply chains being restructured and human capital being wasted as a result of extended unemployment. Unemployment and hardship can also lead to demoralization, depression and other psychological traumas, lowering affected individuals’ productivity and attractiveness to employers, as in the 1930s.
Forget ‘recession’: this is depression

David Blanchflower (Dartmouth College, US) and David Bell (University of Stirling, UK), The Guardian, 3 April

Unemployment due to the impact of Covid-19 in Britain and the US is rising at least 10 times faster than in the recession triggered by the 2008 financial crisis and could surpass the levels reached during the 1930s Great Depression within months.

How the next euro crisis could unfold. What if Italy cannot service its debt and a future government is tempted to default?

Wolfgang Münchau, Financial Times, 12 April

Facing the impact of Covid-19 could bring Italy’s debt/GDP ratio from the current 135% to between 160 and 180%. In the light of Italy’s usual slow growth, rating agencies could start questioning the solvency of the country. And if populists win the elections in 2022, then Italy might be tempted to default on its debt.

Territorial impact of Covid-19 in Austria

The Austrian Institute for Economic Research (WIFO) shows the regional differences in the impact of the Corona crisis. Only a third of the Austrian workforce is employed in sectors that are not or only moderately affected, whereas employees in sectors severely or very severely hit account for 40% and 28.2% of the workforce respectively – thus totalling around 68% of the workforce.

The share of employment in sectors that are very severely affected is lowest in Upper Austria (23.8%) and Lower Austria (26.4%), and highest in Tyrol (34.4%) and Salzburg (33.2%). Despite considerable differences in the regional economic structures, a similar degree of concern can be seen for most Bundesländer, despite their different economic specializations. Therefore, WIFO argues that horizontal measures with a broad sectoral impact appear to be a priority now, but their implementation should be adapted to the respective regional context.

OECD – Valuating the initial impact of Covid-19 containment measures on economic activity

Note, 14 April

The initial direct impact of the shutdowns could be a decline in the level of output of between one-fifth to one-quarter in many economies, with consumers’ expenditure potentially dropping by around one-third. Changes of this magnitude would far outweigh anything experienced during the global financial crisis in 2008-09. The scale of the estimated decline in the level of output is such that it is equivalent to a decline in annual GDP growth of up to 2 percentage points for each month that strict containment measures continue. If the shutdown continued for three months, with no offsetting factors, annual GDP growth could be between 4-6 percentage points lower than it otherwise might have been.
Policy debate

A paradigm shift towards ‘mindful globalization’

Ursula von der Leyen, Interview with Die Zeit, 7 April

In an interview with the German ZEIT, Commission president Ursula von der Leyen, describes the current corona crisis as unprecedented and with severe symmetric implications worldwide. Asked whether she thinks that the EU needs an autarkic health and medical system, VdL explains that international supply chains will have to be cautiously examined in order to determine which of their elements are necessary for a domestic European crisis prevention strategy, ensuring a higher level of resilience. The EU should opt for an extension of its supply networks but can, however, not be disentangled from globalisation. In combination with the EU’s two ‘corner stone’ policies, Digitalisation and the Green Deal, of which the latter will be complemented with a white, medical part, VdL proposes thus the concept of a ‘mindful globalisation’, oriented at more than profit margins. In this regard, she emphasises that a paradigm shift is needed and that the Green Deal remains the new European growth strategy, at whose centre she sees circular economy concepts and a more service-oriented creation of value.

EU could finance €1.5 trillion recovery fund with bonds

Valdis Dombrovskis, Interview with Handelsblatt, 14 April

On 14 April, Commission’s Executive Vice-President Dombrovskis said in an interview with Handelsblatt that he could imagine the possibility of financing the European Recovery Fund with bonds amounting to up to 1.5 trillion euros. “But nothing has been decided yet”

Vestager urges stake building to block Chinese takeovers

Margrethe Vestager, interview with Financial Times, 12 April

To counter the threat of Chinese takeovers, European countries should buy stakes in companies fighting for survival in the aftermath of the Covid-19 pandemic. Regulators are already working on proposals to grant EU countries sweeping powers to derail unfair competition from state-backed enterprises.

Virus recovery talks should ditch old taboos

Margrethe Vestager, interview with a group of journalists, 3 April

This crisis has nothing to do with moral hazard and risk taking. This is a EU, we are neighbours, and what you do with your neighbours is to help them in need, discussing all possible ideas. The EU should make the most of the digital tools and make the green strategy its growth strategy, instead of
trying to rebuild the old economy. The EU’s seven-year budget will have to be different than what was being discussed so far.

No European State has its own resources enabling it to deal with such a shock alone
Paolo Gentiloni and Thierry Breton, Le Monde, 5 April

The EU should create an economic recovery fund to which all member states must have equitable access and which would make it possible to anticipate and then supplement the increase in the EU budget that von der Leyen has called for.

Joint declaration by Wolfgang Schäuble (President of the Bundestag) and Richard Ferrand (president de l’Assemblée Nationale), 6 April

‘This unprecedented crisis should make us think about new steps for more solidarity and financial integration. We are convinced that this debate deserves to be continued and that our parliaments must contribute to it to remove misunderstandings and move forward together.’

A European response to the coronavirus crisis
Paolo Gentiloni, interview with Bruegel, 6 April

EU shared response needed because there will be no "winners and losers", either we all win or we all lose. The point is avoiding that the Covid-19 crisis deepen the current gaps. There should not be a possibly unsustainable increase of public debt as a legacy of the corona crisis. Most important is now having a "no regret discussion": it's not about past debt, rather only about new, Covid-related debt. The questions to be answered: what institutions should borrow? Would the MFF be involved? What would be the maturity of the debt? Would it be loans and/or grants? The EMS is certainly part of the toolbox, but with no conditionality of the "usual type". In the recovery, the EU should keep the long-term orientation of the SDGs and the Green Deal.

Europe’s future is at stake in this war against coronavirus
Pedro Sanchez, Spanish Prime Minister, The Guardian, 5 April

Europe must build a wartime economy and promote European resistance, reconstruction and recovery. It must start doing so as soon as possible with measures to support the public debt that many states, including Spain, are taking on. And it must continue to do so when this health emergency is over, to rebuild the continent’s economies by mobilising significant resources through a plan we are calling the new Marshall plan and which will require the backing of all of the EU’s common institutions. Provided that it is universal and not subject to conditions, the European Stability Mechanism may be useful in the initial stages, but this is not going to be sufficient in the medium term. It is time to act with solidarity in creating a new debt mutualisation mechanism, acting as a single bloc for the purchase of essential medical supplies, establishing coordinated cybersecurity
strategies, and preparing a major emergency plan to ensure that the continent’s recovery is rapid and robust.

**Spiegel’s Editorial: “Germany Must Abandon Its Rejection of Eurobonds”**

On 7 April, Spiegel’s editor in chief Steffen Klusmann published and editorial, also in Italian and Spanish, arguing that the German government’s rejection of eurobonds is selfish, small-minded and cowardly. Existing mechanisms will not be enough to contain the crisis we are facing. European government bonds would have a limited duration and would be linked to the very specific purpose of coping with the pandemic. They would send a strong signal to the financial markets, but also to the people of Europe. They would provide proof that we have not abandoned each other in this time of great need.

**Europe can only live on if the Europeans now stand for each other**

*Peter Bofinger, Daniel Cohn-Bendit, Joschka Fischer, Rainer Forst, Marcel Fratzscher, Ulrike Guérot, Jürgen Habermas, Axel Honneth, Eva Menasse, Julian Nida-Rümelin, Volker Schlöndorff, Peter Schneider and Margarethe von Trotta, Die Zeit and Le Monde, 1st April*

German intellectuals, economists, politicians and artist have called upon the EU to set up a Corona-Fund, to run up long-term debts at international capital markets and provide Member States with transfers without increasing their individual debt level. Interest rates should be covered by the EU-budget. This way, the authors argue, there would be no shared liability and no bail-out of national budgets but a sharing of current and future crisis-related debts. To do so, would mean to show desperately needed solidarity to massively affected Member States and to safe the European idea.

**The Mayors of Amsterdam, Barcelona, Milano and Paris on the EU response to Covid-19 «Facing the crisis with more solidarity, not austerity as in the post-2008. Cities should have direct access to the Structural Funds»**

On 14 April, the mayors Amsterdam, Barcelona, Milano and Paris wrote an open letter to the EU, stressing that fiscal consolidation policies post-2008 weakened public services, increasing inequalities and undermining growth. Today focus should be on solidarity and cooperation, and cities have a key role to play. Cities should have direct access to the ESI Funds to fight the pandemics. Strengthened administrative capacity, and more direct cooperation with the EU, is vital for EU cities. The cost of recovery should be shared between Northern and Southern Europe, also by setting a European approach to taxation.

**OECD Policy Note: How are Cities responding to the Coronavirus crisis?**

The OECD has published a note on policy responses to the coronavirus crisis at city level, including examples from dozens of cities across OECD countries and beyond. The paper highlights the impact
of the crisis on cities, their role in the crisis, and provides concrete examples of six different types of measures taken by cities: i) communication and awareness raising, ii) workplace and commuting; iii) social distance; iv) vulnerable groups; v) local service delivery; and vi) support to business. This policy note will be regularly updated.

The territorial impact of COVID-19: managing the crisis across levels of government

An OECD analysis, updated on 3 April, shows that COVID-19 has a strong regional impact, calling for differentiated governance and policy responses. Subnational governments are at the frontline of the COVID-19 response and have a key role to play in mobilising digital tools to better track the pandemic, tracking and testing, and inform decision-making at all levels. A coordinated response by all levels of government can minimise crisis-management failures. The medium-term economic impact will also differ across regions, based on a region’s exposure to tradable sectors, global value chains, and type of specialisation (e.g. tourism). The stress on subnational finance will be substantial, in the short, medium and long terms. National and subnational governments will be leading the economic recovery effort, including through regional and local recovery plans that are likely to include business support and stimulus packages targeting public investment.

Doing capitalism differently

Mariana Mazzucato, The Guardian, 18 March

Economist Mariana Mazzucato explains in the Guardian that the corona-crisis is an opportunity to rethink the role of governments and to ‘do capitalism differently’. For decades, she argues, an efficiency-oriented market-trusting approach to economic governance has prevailed and led to cuts for critical institutions such as functional health systems. Moreover, the excessive reliance on public-private partnerships, prioritising private revenue over public interest, resulted in lack of basic pharmaceuticals such as vaccines and thus to the state of un-preparedness we are now in. To overcome these structural deficits in public good provision, governments must begin to actively shape and create sustainable and inclusive markets. To this end, they need to make long-term investments in public health, steer R&D towards public health goals (at international level) and restructure public-private partnerships in a way that fair prices are ensured and medicine supply is safeguarded. But it is not only about investing more - it is also important to resist handing out money to every company: bailouts should be structured in a way that a new post-crisis economy is focused on the new green deal strategy and comprises a 'stakeholder approach at the centre of capitalism'.

Supply chains need some love during the coronavirus pandemic

Bindiya Vakil, Financial Times, 8 April

Companies should be talking to their suppliers to locate and alleviate potential pinch points ahead of a restart. They also need to rethink the way they view their suppliers, says Bindiya Vakil, chief
executive of Resilinc, a supply chain data and management group. Rather than prioritising vendors with whom they spend the most money, they should concentrate on those that supply parts and raw materials that are critical to revenue generation.

**Not all eurobonds are the same. To dispel fears of potential state-to-state transfers, eurobonds could be guaranteed by an annual ‘citizenship contribution’**

*Andrea Boitani, Roberto Tamborini, International Politics and Society, 6 April*

To overcome objections from Northern European countries, the authors propose that any eurobond issuance will have to be shored up by a new and shared guarantee, which could take the form of a special purpose fund within the EU budget. The guarantee would be even stronger were the Commission be given full-blown power to tax, thus transforming these contributions into the EU’s ‘own revenue’ (not necessary though to launch a full-blown fiscal union immediately).

**What will the world be like after coronavirus? Four possible futures.**

*Simon Mair, Research Fellow in Ecological Economics, Centre for the Understanding of Sustainable Prosperity, University of Surrey, 30 March*

From an economic perspective, there are four possible futures: a descent into barbarism, a robust state capitalism, a radical state socialism, and a transformation into a big society built on mutual aid. Versions of all these futures are perfectly possible, if not equally desirable.

**Preparing ‘exit strategies’ towards normality**

**UN secretary general: recovery from the coronavirus crisis must lead to a better world. Our roadmap remains the 2030 agenda and the SDGs**

*António Guterres, The Guardian, 2 April*

‘We simply cannot return to where we were before Covid-19 struck, with societies unnecessarily vulnerable to crisis...Now is the time to redouble our efforts to build more inclusive and sustainable economies and societies that are more resilient in the face of pandemics, climate change and other global challenges. The recovery must lead to a different economy. Our roadmap remains the 2030 agenda and sustainable development goals’.

**We must focus attention on our next steps**

*Martin Wolff, Financial Times, 7 April*

Lockdowns are necessary to save health systems from collapse and get the disease under control. But they must be brief. It is impossible to keep people locked up indefinitely, without huge personal suffering and social and economic damage.
How could Europe rebuild after coronavirus? Thinkers have their say

The Guardian, 12 April

Solidarity among European governments has been mostly absent so far, and political fault-lines have reopened. How to avoid that the impact of the forthcoming depression feeds into nationalism and far-right populism? Answers from Charles Grant (Center for Economic Reform), Shada Islam (Europe and geopolitics at Friends of Europe), Bas Eickhout (Dutch Green MEP), Brigid Laffan (European University Institute in Florence), Vessela Tcherneva (European Council for Foreign Relations, Sofia), Rosa Balfour (Carnegie Europe).

Responses at regional and local level

Flanders (Belgium)
The government of Flanders announced a broad economic package to support businesses in its region: grants between €4000-€2000 to companies that have had to close completely, on weekends or experienced a significant turnover loss; reduction of the premium for guarantee schemes and possibility of having a bridging loan guaranteed for existing non-bank debts up to 12 months; deferred loan and credit repayments; financial benefits up to 12 months for self-employed persons who have had to stop their activities; deferment of property and traffic taxes for companies; extension of the existing incentive bonus to encourage working part-time to affected companies; €5M to the tourism sector, etc.

Basque Country (Spain)
A set of measures amounting to €586.7M was approved by the Basque Government. These include: an emergency credit line of €25M at zero cost; €500M line of working capital, guaranteed at zero cost; support scheme for the self-employed to aid them in the payment of contributions and rents; €6M to support small local food production; €20M fund to facilitate restructuring and relaunch of companies; direct aid to R+I projects; refinancing and adaptation of the conditions in repayable advances of existing support programs; funding for the development of technology and telework in small and medium-sized companies; aid for the purchase of technological material; and postponement of rents in technology parks and industrial states. Some of these actions are financed by the €300M fund set-up by the regional government to mitigate the effects of the health crisis across different areas.
Azores (Portugal)
The Regional Government of Azores has launched an online platform with all the measures already implemented both at national and regional level. Among the regional actions aimed at supporting its economic fabric, the regional government injected €45M for the implementation of two national measures supporting the maintenance of employment, in particular, through liquidity anticipation and a regional complement to the simplified layoff regime. In addition, the payment of financial support has also been advanced for companies creating jobs and advanced payments are also available for the Incubation, Digital SME and Export Azores vouchers. Many other economic measures can be read on this website, such as the additional income support scheme for fishing professionals.

Valle D’Aosta Region (Italy)
The Valle d’Aosta government allocated €3.7M to support business, workers and families. Those seriously affected by the emergency can request the suspension of their mortgage for one year. In addition, a risk fund of €3.5M has been approved to support SMEs and the local economy by granting surety guarantees. Other measures include financial support for rents and the postponement or suspension of taxes. A second package of support measures is on the pipeline to unlock additional €20M.

Klaipėda district (Lithuania)
The District Council of Klaipėda decided to allocate more than LTL 1M for the fight against coronavirus and implemented, among other measures, the deferral of rent payments for the Municipal premises, the exemption of local fees for outdoor advertising permits and for permits to carry out trade and service activities in public spaces, and the payment by the municipality of the fees of non-formal education activities such as private sports clubs and kindergartens.

Corsica (France)
The €30 million plan announced by the Corsican Executive Council is divided into three final objectives: (1) supporting people in precarious situations by means of, among others, paying part of their rents (€3.2M) and ensuring full payment of the social benefits; (2) safeguarding its economic fabric through the creation of a solidarity fund aimed to mobilize zero-rate cash loans amounting to €120M, mobilisation and extension of existing funding (€6.25M in repayable advances), creation of a territorial guarantee fund, supporting farmers and fishers, €1M mobilised by the social and solidarity economy sector in the form of zero-rate loans of honor, etc; (3) preparing for the economy’s rebound after the crisis by supporting the tourism sector and air transport sector and involving the stakeholders.
Navarra (Spain)
The regional government of Navarra has launched many actions to fight the Covid crisis. Apart from the economic measures highlighted in ECON Bulletin No.2, many initiatives have been launched involving the cooperation between the regional government and private businesses, such as partnering to create a safe channel for the purchase of medical equipment from China or to allocate and prioritize the industrial machinery of certain companies to the production of sanitary material. It has also been launched a programme known as Navarra+Voluntaria, which connects different entities and volunteers and collects the actions and demands for organized solidarity that have to do with this socio-sanitary challenge. Awards of €2000 have also been given to the most innovative and entrepreneurial projects against Covid-19.

Lódz Voivodeship (Poland)
Lódz Voivodeship received the approval to allocate approx. €31.1M from the EU funds to purchase personal protective equipment for medical entities, to support the employment of medical staff and for assistance to treatment facilities. There is also the consent to transfer approx. €18M to support enterprises which are struggling. Other economic measures directed to enterprises include lines of credit at very low interest rates and a coverage extension of guarantee schemes. The region has also launched an information portal for entrepreneurs with access to constant updates on the adopted measures.

Istria (Croatia)
The regional and local governments in Istria region have decided to cooperate by collectively contribute to the purchase of medical equipment. Each municipality contributed with approx. €10.000 or €26.000 (depending if they had less or more than 10.000 inhabitants) and the regional government with approx. €40.000. Other measures taken by the Istrian government, aimed to affected entrepreneurs, include the postponement of payment of the consumption tax, utility bills, water management fee and monumental rent, the exemption of payment of the tax on the use of public lands and a reduction of 50% of the lease of businesses premises owned by the local governments.

Catalonia (Spain)
The regional government of Catalonia has adopted a comprehensive economic package, including measures such as: creation of a virtual marketplace to link companies and manufacturers to promote business collaboration to face the health emergency; creation of an online platform where multidisciplinary teams would answer all kind of inquiries; creation of a digital customer service to report on new economic measures; reduction of 50% in the industrial waste and water rate; a
support line to affected self-employed workers; and credit lines allowing to obtain loans up to a total of €1000M to improve the business’ liquidity.

**North Rhine-Westphalia (Germany)**
The regional government launched the [NRW Emergency Aid 2020](#) aimed at freelancers, the self-employed and small business (up to 50 workers). The aid is provided by means of a one-off, non-repayable grant, staggered according to the number of employees and for three months it ranges from €9000-€25000. In addition, the state government is also maintaining and increasing support options available to all companies: securing liquidity by both partially guaranteeing loans and deferring or reducing taxes, possibility of compensation for order bottlenecks in the form of short-time work benefits and financing support for investment and innovation projects.

**French departments**
Many French departments have taken a wide range of measures in order to support their local businesses in this emergency crisis. These include: (1) unlocking exceptional aid to companies (Ain, Alpes-Maritimes, Haute-Garonne, Gers, Ille-et-Vilaine, Isère, Maine-et-Loire, Mayenne, Meurthe-et-Moselle, Haut-Rhin, Seine-et-Marne, Vendée, Guyane, Mayotte); (2) support systems for the granting of loans at 0% rate (Vendée, Martinique); (3) financial support for the online sale of local products (Mayenne, Vendée); (4) suspension or staggering of additional stay taxes (Moselle, Haut-Rhin, etc); (5) postponement or cancellation of rents for tenant companies of the Departmental Council (Vendée); (6) delegation of the manufacturing of meals usually provided by the community to private companies to provide them with a business wheel (Mayenne); (7) indirect support for the activity of local craft businesses (Corrèze). A non-exhaustive list of the different actions taken by French departments can be found [here](#).

**Amsterdam (Netherlands)**
The [City of Amsterdam](#) is taking a number of measures to support its businesses, which include a temporary income support for self-employed entrepreneurs and freelancers (BBZ Tozo) and the deferral of municipal taxes for 3 months (fees for commercial use of public space and advertising fees and tourist and entertainment taxes).

**Gothenburg (Sweden)**
The city of Gothenburg has enhanced its support towards SMEs through the Business Region Gothenburg by expanding its support team for consultancy and advisory services, accessible via both email and hotline. Other measures adopted by the City are the postponement of the payment of building permits, environmental and food supervision, VA and waste management, and the land lease of public spaces, among others.
Tallinn (Estonia)
Tallinn launched a package of economic measures to support business, primarily those with a contractual relationship with the city or with a huge impact. These measures include: reducing the city’s bill payment deadline to 10 calendar days, waiving contractual sanctions in case of unfulfillment due to the emergency, reducing advertising taxes, reducing or exempting rents for contractors and tenants of the city, reimbursing the incurred costs for cancelled events, etc. It is estimated that the measures may have an impact of up to €4M in the city budget.

Pinzgau district (Austria)
Pinzgau district authorities, mayor of its towns, regional authorities and representatives of local businesses have worked together to create an online platform that connects citizens of the Pinzgau region with retailers which had to close due to the lockdown measures. It will help businesses to generate revenue from online orders while providing citizens with access to goods that were previously inaccessible. It can be found here.

Bilbao (Spain)
Bilbao City council has launched a free advisory and consultancy service offering personalized advice to businesses and the self-employed in areas such as labour, tax, financing or measures from different bodies that they can take advantage of. In addition, the processing of tax procedures has been postponed.

Lille Metropole (France)
The Métropole européenne de Lille has adopted several economic measures, such as: expanding the business support units at different levels with MEL business advisers, postponing metropolitan tourist taxes, exemptions from rents in corporate hives and keep paying the aids and subsidies to partners with whom MEL is engaged, regardless of their current activity.

Hamburg (Germany)
The City of Hamburg has launched an emergency financial aid scheme aimed at helping businesses stay afloat by means of direct grants, with the collaboration of the Hamburg Investment and Development Bank. In addition, the City has notoriously enlarged the Hamburg Protective Shield, a fund aimed to protect SMEs, entrepreneurs and freelancers, which now prioritizes liquidity and loans aimed at preventing insolvency. Other measures include deferrals and waivers of city fees for companies, traders and other affected institutions, rent deferrals for commercial tenants in urban real estate and keep paying the city’s beneficiaries.
Lodz (Poland)
Apart from supporting entrepreneurs by deferring the rent for commercial premises, property tax, tax on means of transport and rent with a cancellation of interest, the city of Lodz has launched an interesting initiative to support local businesses. It consists of encouraging the local community to purchase vouchers and use of services and products in the future. By paying now for future services, customers are supporting those businesses in need and will still receive the service after the lockdown. Local authorities have created a Facebook group to facilitate this exchange.

Ghent (Belgium)
The City of Ghent has mobilized €25M to tackle the impacts of this emergency crisis, of which €15M will respond to the most urgent needs. Measures for the short-term include: financial aid to the most vulnerable families (100-130 €/month), suspension of corporate taxes and remission of rents for associations and organisations housed in a building of the City of Ghent. The other €10M will be allocated to revive Ghent after the crisis, especially the tourism sector. (More in the Bulletin No. 2)

Zaragoza (Spain)
Free online courses on electronic commerce aimed at SMEs are being offered with the objective that they can adapt to the new challenges. (Other initiatives in Bulletin No.1)

Warsaw (Poland)
Warsaw’s support package for the entrepreneurs who are tenants of the city’s commercial premises include, among others, the reduction, deferment or reschedule of rent payments and the deferral of their debts with the possibility of paying in instalments. (Other initiatives in Bulletin No.2)

Stuttgart (Germany)
The city of Stuttgart has announced the deferment of some municipal taxes (e.g. trade tax), and of rents and leases for urban buildings and land. The applicant must be in financial distress due to the Covid crisis. In addition, a €5M grant has been approved for the cultural and sports sector, together with other donations from the city. (Other initiatives in Bulletin No. 2)
Summary table of local measure by kind of response

The tables below outline some of the measures taken by different local and regional governments, those covered in ECONomic Bulletins no. 1, 2 & 3. 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.
### ECONomic Bulletin N°3
COVID-19 impact and response measures

17 April 2020

<table>
<thead>
<tr>
<th>Regional responses</th>
<th>Regions</th>
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<tr>
<td>Direct aids (grants) to the self-employed and/or SMEs</td>
<td><strong>North Rhine-Westphalia, Catalonia, Basque Country, Murcia, Pays de la Loire, Malopolska, Corsica, Valle D’Aosta, Flanders, Azores</strong></td>
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<tr>
<td>Establishment of credit lines with advantageous terms</td>
<td><strong>Murcia, North Rhine-Westphalia, Navarra, Sicily, Pays de la Loire, Podkarpackie, Malopolska, Lubelskie, Catalonia, Basque Country, Łódzkie</strong></td>
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<td>Expansion of the guarantee schemes for loans</td>
<td><strong>Pays de la Loire, Navarra, Corsica, Valle D’Aosta, North Rhine-Westphalia, Catalonia, Flanders, Łódzkie</strong></td>
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<td>Support systems for the granting of loans at 0% rate</td>
<td><strong>Pays de la Loire, Corsica, Basque Country</strong></td>
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<td>Refinancing, adaptation or extension of existing funding in repayable advances</td>
<td><strong>Corsica, Basque Country, Pays de la Loire</strong></td>
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<td>Exemption, discount, deferment or fractionation of regional taxes</td>
<td><strong>Lombardy, Valle d’Aosta, Istria, Catalonia, Navarra, North Rhine-Westphalia, Istria, Murcia, Flanders, Klaipėda,</strong></td>
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<tr>
<td>Postponement or exemption of rent payments of business premises linked to the government</td>
<td><strong>Lubelskie, Istria, Basque Country, Klaipėda,</strong></td>
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<td>Creation of a virtual marketplace promoting business collaboration to face the health emergency</td>
<td><strong>Zwolle, Catalonia, Navarra</strong></td>
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<td>Creation of a support team for businesses to disseminate information on existing support and offer consultancy services</td>
<td><strong>Zwolle, Catalonia</strong></td>
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<td>Local Responses</td>
<td>Cities</td>
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<tr>
<td>Exemption, suspension, deferment or discount of rent payments</td>
<td>Utrecht, Barcelona, Lisbon, Luxembourg, Braga, Debrecen, Gothenburg, Tallinn, Lille, Hamburg, Lodz, Ghent, Warsaw, Stuttgart</td>
</tr>
<tr>
<td>Exemption, suspension, deferment or discount of taxes/fees collection</td>
<td>Utrecht, Madrid, Nantes, Barcelona, Lisbon, Berlin, Braga, Amsterdam, Gothenburg, Bilbao, Tallinn, Lille, Hamburg, Lodz, Ghent</td>
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<tr>
<td>Creation of a support team available via online or hotline to disseminate information on existing support or consultancy services</td>
<td>Nantes, Lisbon, Braga, Stuttgart, Gothenburg, Bilbao</td>
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<td>Financial aid or increase of existing funds addressed directly or indirectly to local companies</td>
<td>Vienna, Dusseldorf, Lisbon, Berlin, Hamburg, Amsterdam</td>
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<td>Initiatives involving the economic contribution of private stakeholders with positive impact on the most affected</td>
<td>Zaragoza, Milan</td>
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<td>Compensation schemes for SMEs and entrepreneurs having contracts with the municipality</td>
<td>Utrecht, Barcelona, Tallinn</td>
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<td>Payment of damages (e.g. cancelled events)</td>
<td>Utrecht, Berlin, Tallinn</td>
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<td>Creation of a marketplace between private and public stakeholders and the entrepreneurial ecosystems</td>
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<td>Creation of a website gathering local initiatives</td>
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<td>Loan guarantees</td>
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<td>Webinars and similar online activities</td>
<td>Braga, Zaragoza</td>
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Useful links


- National authorities’ coronavirus responses: FT tracking page: [https://www.ft.com/content/26af5520-6793-11ea-800d-da70cff6e4d3](https://www.ft.com/content/26af5520-6793-11ea-800d-da70cff6e4d3)


- A summary of national measures to support SMEs: [http://www.eurada.org/covid-19/](http://www.eurada.org/covid-19/)

- CPMR Special newsletter [https://mailchi.mp/crpm/covid19news](https://mailchi.mp/crpm/covid19news)


- RSA: 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/](https://www.regionalstudies.org/about/pandemics-cities-regions-industry/)


- Eurocities online platform (with response actions undertaken by members): [https://covidnews.eurocities.eu/](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/


European Regional Science Association's (ERSA) forum on coronavirus: https://ersa.org/forum-coronavirus/