European Committee of the Regions

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COVID-19 impact and response measures

15 May 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.

'As our fifth bulletin is published, a final political agreement on the details of the ESM Pandemic Crisis Support has been reached at the Eurogroup meeting of 8 May. The European Recovery Fund and the revised MFF for 2021-2027 are expected by the end May.

This bulletin also reports on the online forum that the CoR held on Europe's Day (9 May), in which CoR members and Commissioners Ferreira and Šuica highlighted the role of regions and cities in Europe's post-Covid economic recovery.

This fifth bulletin features a thematic focus on the ***economic impact of the pandemic on, and the EU response for, SMEs and industry.***

This topic was discussed on 13 May in an online meeting I had the pleasure to moderate, with the ECON Commission Political Coordinators, Kristin Schreiber from the European Commission, Gianluca Massimi from the European Investment Fund and CoR rapporteurs Eddy Van Hijum and Jeannette Baljeu.

Speakers stressed that easing the access to finance for SMEs is among the most urgent matters for the EC and the EIF, and raised concerns about the increase of indebtedness for SMEs. Adapting to regional and local needs, relocating supply chains and increasing their resilience are key policy objectives, to which local and regional authorities are contributing with great commitment.

From now on, thematic focuses will become a regular feature of our bulletins, to help cities and regions exchange experiences and learn from each other.

While the Commission's forecast for 2020 is grim, and the recovery foreseen in 2021 still plagued by a possible further wave of Covid-19, the press' attention is shifting towards medium- and long-term economic scenarios. Some are definitely pessimistic, others less, but it is clear that there will be no such thing as 'back to normal'. Indeed, the pandemic is expected to leave long-terms scars and bring about structural changes in the adoption of new technologies, in household savings and consumption choices, in the labour market and in Europe's supply chains.

As usual, this fifth bulletin presents an ever-richer array 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.'

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

Focus: SMEs and industry policies in the aftermath of Covid-19

On 13 May 2020, participants to an ECON debate on this topic stressed that easing access to finance for SMEs is among the most urgent matters for the EC and the EIF. Guarantee mechanisms and investment instruments supporting venture capital have been put in place by both institutions and more measures are expected. Beyond the urgency, there are concerns about the increase of indebtedness for SMEs. Participants also noted that the new EU SME strategy contributes to a sustainable and digital recovery, but EU instruments should "act regional first", adapting to the different regional and local needs, and help relocating supply chains and increasing their resilience. Local and regional authorities are currently undertaking great efforts. The relaunching of the EER award may represent a great opportunity to showcase them.

On 13 May 2020, ECON Political Coordinators discussed on the economic impact of the pandemic and the EU response measures, especially for SMEs and industry, with Mrs. Kristin Schreiber (Director DG GROW from the European Commission), and Mr. Gianluca Massimi (Head of Region - Western and Southern Europe, Mandate Management from the European Investment Fund). The rapporteurs for the opinions of SME and industrial policy, Mr. Eddy Van Hijum and Mrs. Jeannette Baljeu, respectively, took part in the discussion.

Mrs. Schreiber affirmed that: "the European response to the crisis has been rapid and strong". Among the measures adopted by EC: the flexibilisation of the Stability and Growth Pact and the State Aid Regime and the injection of liquidity by the ECB, mobilising so far €3.4 trillion. Both speakers agreed that the main priority is to ease the access to finance for SMEs. Some concrete measures by the EC include: €1 billion from the EFSI under the COSME Loan Guarantee Facility and the InnovFin SME Guarantee under Horizon 2020, unlocking €8 billion for SMEs; and the launching of ESCALAR together with the EIF, an instrument which will support venture capital and growth financing for promising companies, triggering investments up to €1.2 billion.

The EC also welcomes the EIB's €25 billion guarantee fund, which could support €200 billions of financing for SMEs. Mrs. Schreiber also highlighted the importance of the new SME strategy for establishing the foundations of the recovery strategy; in her words: "the recovery has to be green, social and has to exploit all the possibilities and opportunities of the digital transformation". Some structural tools included in this SME strategy will play an important role, such as the Enterprise Europe Network, the Enhanced EIC pilot and the European network of Digital Innovation Hubs.

Mr. Massimi described the three main lines of action taken by EIF: the adaption of the existing schemes to the new needs, the increase of the resources available (e.g. €1billion under COSME the InnovFin

guarantees mechanisms) and the simplification of procedures to get approvals faster so that SMEs can access finance quicker. According to Mr. Massimi, EIF equity investment instruments providing equity and venture capital, and the capital support in general, will play a key role for SMEs to re-start investment in the medium and long term. However, concerns about the fact that current measures may lead to a great indebtedness continue, with some political groups emphasizing the need for direct subsidies.

Another concern is the apparent gap between the instruments at EU level and their use at local and regional level, where most of the SMEs are operating; political groups suggested that a more bottom-up approach by "acting regional first" could help SMEs to access EU resources. Speakers stated that many regional and local initiatives are in place; for instance, the EIF is adapting their support to the different local and regional needs while also working with more than 700 banks, also from local networks, cooperatives and intermediaries, to get as close as possible to SMEs.

It was also recognised the great efforts made by local and regional authorities, whose revenues have been diminished and also bear large part of the support measures to SMEs, healthcare and social sectors. For instance, an important aspect for the EC is to combat late payment to SMEs and many regional and local authorities are already trying to pay them within 1 week. Attention was also given to supply chain issues, such as the need for their relocation within the EU borders, for example in sectors such as healthcare. Mrs. Schreiber highlighted the importance of increasing the resilience of supply chains and of providing specific support for funding these ecosystems, particularly for the most affected, such as the tourism and car sector.

Other topics discussed were the state aid framework and the problems of border regions. Mrs. Schreiber emphasized that the flexible state aid framework is temporary, in part due to the potential inequalities that may arise, and that aids are particularly addressed to companies affected by the Covid-19 crisis. Regarding border regions, Mrs. Schreiber affirmed that these regions are constantly on the screen of the EC and informed that the current SME strategy has an initiative aimed to support border regions to meet administrative requirements more quickly.

Last but not least, Mrs. Schreiber expressed her delight about the relaunching of the EER awards. In her own words: "it is a very important tool and a good moment to expand this scheme in order to also integrate best responses to the Covid crisis". She truly believes it can strongly contribute to increase the resilience of regions while advancing in the green and sustainable transition. For further information about these awards, click here.

EU policy response

Regions and cities against Covid-19 (9 May, Europe's day)

On 9 May, CoR President Apostolos **Tzitzikostas** hosted an online forum on *Regions and cities: vital for Europe's economic recovery* with CoR members, #CohesionAlliance members, other selected politicians and VIP guests including Commissioner Elisa **Ferreira** and European Commission Vice-President Dubravka **Šuica**. EP President David **Sassoli** sent a video message. Among others, the following points were widely stressed: the new MFF 2021-2027 should be bold and a third of it should be devoted to cohesion policy; national lockdowns could be avoided by means of regional approaches to future pandemics; recovery should not forget the 'old' challenges of digitalization and the Green Deal; and the need to bring Europe closer to its citizens.

Europe must emerge stronger from this crisis

Parliament President David Sassoli, European Council President Charles Michel, European Commission President Ursula von der Leyen, 9 May

After fearing for their lives, many Europeans now fear for their jobs. We must restart Europe's economic engine. Robert Schuman and his peers showed that getting out of moments of crisis required new political thinking and breaking from the past. We must do the same... the Europe that will come out of this crisis cannot and will not be the same as the one that entered it. First, we must do more to improve the lives of the poorest and most vulnerable in our societies, particularly in the areas most affected by the crisis. Our Union must also be healthy and sustainable. One lesson to learn from this crisis is the importance of listening to scientific advice and taking action before it is too late. We cannot put off addressing climate change and must build our recovery on the European Green Deal. And we must be closer to citizens, making our Union more transparent and more democratic. The Conference on the Future of Europe, which had been planned to launch today and was only delayed due to the pandemic, will be essential in developing these ideas.

The EU evolves in times of crisis. Every reconstruction plan is also a reform plan

President of the Spanish Congress of Deputies Meritxell Batet, President of the French National Assembly Richard Ferrand, President of the Italian Chamber of Deputies Roberto Fico and President of the Bundestag Dr Wolfgang Schäuble

The ongoing coronavirus pandemic highlights the need to tackle the deficiencies and negative developments which are the result of untrammelled globalisation. This requires structural political, economic, social and environmental changes in order to guarantee rights and services for our citizens, which we can only achieve if we work together.

As we rebuild our economic systems, we must make their social and environmental sustainability a particular priority. We must not continue to shirk our responsibility for tackling climate change and conserving biodiversity, and we must not disregard scientific findings.

Eurogroup agreement on the ESM Pandemic Crisis Support (8 May)

From the final statement, 'we agreed today on the features and standardized terms of the European **Pandemic Crisis Support** for sovereigns. As of the 1st of June 2020, the Pandemic Crisis Support will be available to all euro area Member States for amounts of 2% of the respective Member's GDP as of end-2019, to support domestic financing of direct and indirect healthcare, cure and prevention-related costs due to the COVID-19 crisis. All ESM Members meet the eligibility requirements to receive support under the Pandemic Crisis Support. The Eurogroup confirms that the Pandemic Crisis Support is unique given the widespread impact of the COVID-19 crisis on all ESM Members. Requests for Pandemic Crisis Support may be made until 31 December 2022'.

In his final remarks, Eurogroup President **Mario Centeno** said that 'the dire *[economic]* forecast *[recently published by the European Commission]* for this year confirms the scale of the challenge. For instance, a gap of €850 billion in investment which we must address. For that, we need a robust recovery plan for Europe. We will come back to this in our meeting, end of next week.'

In a letter to Eurogroup President Mário Centeno posted on 8 May ahead of the videoconference of finance ministers, Commissioners **Valdis Dombrovskis** and **Paolo Gentiloni** announced they would amend the rules in place for the use of such money and would 'not conduct any ad-hoc on-site missions.' More generally, they suggested the Commission will act as auditor merely of whether all the money is really spent on the vague criteria of 'direct and indirect healthcare, cure and prevention related costs.'

Economic impact analysis

Spring 2020 Economic Forecast: A deep and uneven recession, an uncertain recovery

European Commission, Spring 2020 Economic Forecast, 6 May

The euro area economy is forecast to contract by a record 7¾% in 2020 and grow by 6¼% in 2021. The EU economy is forecast to contract by 7½% in 2020 and grow by around 6% in 2021. The EU economy is not expected to have fully made up for this year's losses by the end of 2021. Investment will remain subdued and the labour market will not have completely recovered. Although the trigger of the crisis is symmetric, in that the pandemic has hit all Member States, both the drop in output in 2020 (from -4¼% in Poland to -9¾% in Greece) and the strength of the rebound in 2021 are set to differ markedly, depending on the evolution of the pandemic in each country, on the structure of their economies and their capacity to respond. Given the interdependence of EU economies, the dynamics of the recovery in each Member State will also affect the strength of the recovery of other Member States.

After lockdowns, economic sunlight or a long hard slog? Equities imply that economic activity will swiftly return to previous peaks

Gavyn Davies, Financial Times, 3 May

Markets seem to be betting on a sharp, but short recession. From May onwards, a combination of gradual policy relaxations and normalization of consumer behaviour should allow the global economy to bounce back. China has already seen industrial activity rebound as shutdowns have been relaxed since late February, although exports are now weakening markedly amid global recession. Growth expectations have also been supported by the sheer scale of the monetary and fiscal policy easing introduced around the world in just a few weeks. However, the unknown about whether there will be rebounds of the epidemics makes this expectation uncertain.

The Coming Greater depression of the 2020s

Nouriel Roubini, Project Syndicate, 28 April

The COVID-19 crisis worsens ten pre-existing risky trends: (1) increased public and private debt ensures a more anemic recovery than after the Great Recession; (2) aging societies make it even harder for advanced economies to fund health care and social security; (3) growing risk of deflation makes debt deflation likely, increasing the risk of insolvency; (4) currency debasement (monetized fiscal deficits plus permanent negative supply shocks from de-globalization and protectionism will make stagflation inevitable; (5) digital disruption (re-shoring of production will accelerated the replacement of labour with digital technologies, bringing down wages and boosting populism and xenophobia; (6) de-globalization, with less freedom of movement of goods, services, capital, labour and technology, thus fragmenting the global economy; (7) backlash against democracy, rising populism; (8) geo-strategic standoff between US and China, with related economic and technological decoupling; (9) new cold-war between the US and its rivals, with cyber warfare potentially leading to conventional military clashes; (10) environmental disruption, with pandemics and the many morbid symptoms of climate change to become more frequent, severe, and costly in the years ahead.

People cannot just be ordered back to work and to spend

Martin Wolf, Financial Times, 7 May

Based on *Getting people back to work*, a report from the Institute of Fiscal Studies focusing on the UK case, Martin Wolf reviews the reasons why there cannot be such thing as a return 'back to normal' in the economy post-Covid-19. First, uncertainty will not disappear; second, the impact of the virus on supply and demand for goods and services will be highly heterogeneous; third, the impact on the labour supply and on would-be purchasers is also going to be heterogeneous; fourth, even this ignores the complex impact from the world economy. This implies that: the structure of supply, demand and

available work will alter radically throughout the epidemic; the effects on different groups will remain unequal; government and business will have to find ways to reassure workers and customers.

COVID-19 Could Bring Down the Trading System

Chad P. Bown, Foreign Affairs, 28 April

Tariffs today will not have caused the COVID-19 depression, but such barriers could affect the recovery, especially given the modern importance of cross-border supply chains. Worldwide, COVID-19 is stoking new pressure for protectionism. If the trend is left unchecked, the world may repeat the experience of the 1930s, when industrial production fell by nearly 40 percent, unemployment soared, and economic activity remained anaemic for the better part of a decade. Governments of the major economies must do more, and quickly. They should not let Washington's current dysfunction hold them back. At a minimum, countries will need to channel potentially unstoppable demands for protection into the WTO system's most transparent, time-limited, and least distorting instruments. Applying 'safeguard clauses' will not tangle policymakers in esoteric arguments over which subsidies granted in response to COVID-19 are 'unfair'.

Policy debate

EC President von der Leyen on the new MFF, own resources and the Recovery Plan

Speech at the European Parliament Plenary Session, 13 May

At this week's plenary session of the European Parliament, Commission President von der Leyen said that while the virus has hit all Member States, the impact and capacity to absorb the shock is different across countries and regions. She raised her concern about an unlevelling of the playing field in our European Single Market. The Commission President provided Members with a detailed preview of the structure of the recovery instrument. Its first pillar of the Recovery Fund will be a new Recovery and Resilience tool, within the European Semester. Its second pillar focuses on kick-starting the economy and helping private investment get going. This is essential for Europe's industrial advancement in the area of new technologies and the pressing digital/green transitions. While the third pillar will be on preparedness and learning the most immediate lessons of the crisis. A strengthening of RescEU/Horizon Europe and a new Health Programme will happen"

Commission's magical thinking won't save us from the coronavirus crisis

Luis Garicano, Valérie Hayer and Guy Verhofstadt Politico, 7 May

An approach of repackaging already approved EU expenditure, with few fresh money and optimistic leverage would not deliver the kind of support Europe needs today. Instead, the EU should set up a real fund pumping real money into strategic sectors, in the context of the Green Deal and starting with a massive injection of cash into digital. The EU should also take back control of strategic sectors through

direct investments, in areas such as medical equipment. To fund the recovery, Member States' contributions to the EU budget should be frozen at their current level, while fresh funds should come from new EU revenues such as taxes on big tech and big polluters. This extra revenue could, in turn, finance EU bonds with a very long maturity of more than 30 years — or even so-called consols, perpetual bonds whose principal is never repaid. In other words, you lend the EU €100 that you'll never get back.

Hogan says it will take until at least 2024 to rebuild EU economy

Online event of the Institute of International & European Affairs, 6 May

'This is going to be a slow situation where you have to build up all of the various chains that have been disrupted by restrictive practices and some of those chains unfortunately will be broken'. 'This is going to be a slow situation where you have to build up all of the various chains that have been disrupted by restrictive practices and some of those chains unfortunately will be broken.'

Coronavirus recovery fund must include grants

Irene Tinagli, Interview with Politico, 5 May

In an interview with Politico, Irene Tinagli (S&D/IT), Chair of the EP ECON Committee, says that an over-reliance on loans risks splitting North and South.

The 'frugal four' should save the European project

Peter Bofinger, International Politics and Society, 11 May

So far, the *additional* public funds made available by the EU comprise only €125bn, which corresponds to 1% of euro area GDP. Moreover, all are to be made available only as loans, which does not fundamentally address rising debt in southern Europe. According to IMF calculations, fiscal loosening—additional public expenditure and tax relief—is much less extensive in France, Italy and Spain than in Germany and large countries outside the euro area. There is thus a risk that the fiscal stabilisation measures in the countries particularly affected will be insufficiently dosed.

At the same time, these countries are pushing fiscally strong states, such as Germany, to reduce their aid, because they fear that this would put their own companies at a competitive disadvantage. This could result in the stronger countries also stabilising less than necessary. In addition, the even higher debt ratios of southern-European countries could lead to the risk of sovereign-debt crises coming to the fore again on the markets—which could trigger another euro crisis. What would be the optimal solution? As much as possible of the additional debt should be transferred to the European level. A new fund should raise an amount of 10-15 per cent of EU GDP (€1.4-2.1 trillion) in the form of bonds. The funds would then be allocated to the member states as transfers, so that national debt would not be affected. It is therefore crucial that the frugal four abandon their opposition to a joint financing facility at EU level.

The EU Budget and Covid-19: we need a "Plan B"

Eulalia Rubio, Notre Europe. Jacques Delors Institute, 30 April

In case of no agreement on the new MFF, 312.4 TFUE stipulates that the ceilings and other provisions corresponding to the last year of the current framework shall be extended. In the current circumstances, a postponement of the MFF negotiation after the peak of the outbreak would allow Member States to take better stock of all the effects of the pandemic for the years to come. This would allow the EU to lay out a budget that truly reflects its new priorities and challenges, thus better investing for its future.

Building a Post-Pandemic World Will Not Be Easy

Jean Pisani-Ferry, Bruegel, 30 April

Both the COVID-19 crisis and the climate crisis highlight the limits of humanity's power over nature. But while both remind us that the Anthropocene epoch may jeopardize our continued existence, and that benign everyday behavior can result in catastrophic outcomes, such similarities must not obscure crucial differences.

Statement by EC President Von der Leyen of 10 May 2020, following the judgment of the German Constitutional Court on the ECB's PSPP Programme

The European Commission upholds three basic principles: that the Union's monetary policy is a matter of exclusive competence; that EU law has primacy over national law and that rulings of the European Court of Justice are binding on all national courts. The final word on EU law is always spoken in Luxembourg. Nowhere else.

Press release of 5 May 2020: ECB takes note of German Federal Constitutional Court ruling and remains fully committed to its mandate

The Governing Council remains fully committed to doing everything necessary within its mandate to ensure that inflation rises to levels consistent with its medium-term aim and that the monetary policy action taken in pursuit of the objective of maintaining price stability is transmitted to all parts of the economy and to all jurisdictions of the euro area. The Court of Justice of the European Union ruled in December 2018 that the ECB is acting within its price stability mandate.

Press release of the Court of Justice of the European Union following the judgment of the German Constitutional Court of 5 May 2020 regarding the ECB's PSPP programme

In an unusual move, following the judgement of the German Constitutional Court on the ECB's Public Sector Purchase Programme of 5 May 2020 (the departments of the institution never comment on judgment of a national court), the Directorate for Communication of the CJEU recalled that the Court

of Justice alone – which was created for that purpose by the Member States – has jurisdiction to rule that an act of an EU institution is contrary to EU law. Divergences between courts of the Member States as to the validity of such acts would indeed be liable to place in jeopardy the unity of the EU legal order and to detract from legal certainty.

The European Central Bank is deluding itself over German court ruling. A smart response would be for the EU to address the problems of the eurozone head on

Wolfgang Münchau, Financial Times, 10 May

The smartest response to this ruling would be for the EU to address the problems of the eurozone head on: lack of convergence between north and south, debt sustainability and, most important right now, the issuance of mutualised debt to finance a recovery fund. The German constitutional court cannot stop the European Commission from raising €1tn in debt in the form of a perpetual bond. But it is important this debt is guaranteed by the EU rather than member states, because national courts might raise their head. Arguments over the future of the euro are only just starting. To win them, supporters of political and monetary integration must let go of the ECB as their comfort blanket, and the idea that it can always do whatever it takes. That battle was lost last week.

Eurozone auf Wiedersehen?

Federico Fabbrini, Bridge Blog, 5 May

By declaring as plainly incompatible with the German Basic Law's eternity clause a pillar of the ECB action to respond to the dire state of the EU economy, the judgment of the German Constitutional Court (the *Bundesvergassungsgericht* – BverfG) sheds a dark cloud on the future of the Eurozone, and its very survival. With this ruling the BVerfG crosses the Rubicon and for the first time ever nullifies action by an EU institution (the ECB) which had been declared fully legal by another EU institution (the ECJ) – and on the basis of economic arguments on which it has no expertise. However, it is not clear that the ECB can offer a more convincing justification than the detailed one it already provided the ECJ to justify QE. And if the BVerfG problem is that QE also has fiscal effects – than there is really no justification than can qualm that concerns.

Don't blame German judges if they say No to ECB asset purchases

Wolfgang Münchau, Financial Times, 3 May

There may be solid technical reasons to disagree with such a ruling, but the underlying problem is the law itself. It was a masterpiece of legal engineering in the last crisis to set fire to a no-bailout clause in European treaties, and then create a bailout umbrella on its ashes. But in a world of independent judiciaries, this is hardly a stable basis. No matter what happens on Tuesday, this monetary union needs a new treaty.

Coronavirus: How to Do Testing and Contact Tracing

Tomas Pueyo, Medium, 28 April

This installment is part 3 (part 1 and part 2) of our 4th article, Learning How to Dance, a series that focuses on the specific steps required to open up the economy. The previous articles, Coronavirus: Why You Must Act Now, The Hammer and the Dance, and Out of Many, One have gathered over 60 million views together and have been translated into over 40 languages. Summary: We can reopen the economy again if we do a few things right, including testing and contact tracing. We need to test all people with symptoms and their contacts, which means at most 3% of our tests should turn out positive. We need to identify as many infected as possible, and 70% to 90% of their contacts, to isolate or quarantine them. If we do all of that really fast (within a day or so), it might be enough to control the epidemic. We should hire lots of people to do that, and also use technology. The technology has some privacy tradeoffs, but they are really reasonable. Most of the bluetooth contact tracing apps built today are amazing pieces of technology that will be useless unless they get some fundamental changes.

Responses at regional and local level

Zuid-Holland (Netherlands)

The province of Zuid-Holland is taking several actions to keep its economy running. Some financial measures include the faster payment of bills, postponement of subsidized activities and reimbursement of eligible costs already incurred and deferral of certain tax payments. The Regional Development Agency, is also making bridging loans available to start-ups and innovative SMEs, together with other Dutch RDAs. The Region is also trying to mitigate the consequences in the horticultural sector, and transportation companies will receive the same amount of subsidies despite timetables having been scaled down. A network of municipalities and SMEs is being developed to help entrepreneurs with digitalisation and a marketplace linking employees to organisations that need extra capacity has also been created. The economic impact on the region is constantly analysed through the Coronamonitor Zuid-Holland. In addition, the region has also launched, in cooperation with other private and public institutions and governments, such as The Hague or Rotterdam's, a platform called "Resilient Society" where innovative companies can provide solutions for COVID-related challenges.

Region of Murcia (Spain)

A Covid-19 Contingency Plan was approved with measures such as: €125M credit line for SMEs and the self-employed at zero-rate (interests and guarantees subsidised); aids programs of €2M to innovative technology-based companies and €2.5M for digital transformation companies both in the form of grants up to €100,000; postponement of loan payments granted by the Development Institute (INFO); support lines for e-commerce (€300,000), cybersecurity (€200,000), contracting professional internationalisation services (€295,000) and innovation, telework and product development

(€500,000); and €600,000 for the most affected companies. In addition, the Regional Government launched the Strategic Plan for the Recovery of Industrial Activity (PERAI_20), which will be developed in three stages: strategic analysis, establishment of recovery measures, and monitoring their impact, establishing corrective measures. The regional administration created a €10M line of advances to compensate municipalities for the deferral and suspension of taxes collection and a solidarity network of companies providing products and services altruistically was also launched. *(Other initiatives in Bulletin No. 2)*

Rhineland-Palatinate (Germany)

In the state, the established local and regional networks, the structures of neighbourhood aid and volunteer support and the emerging offers and platforms from municipalities, companies and student initiatives are an important asset to mitigate the social consequences of the crisis. The State government is providing financial support to encourage many of these initiatives; for instance, self-organised projects can receive up to €500 for their expenses. It has also approved an emergency aid of up to €1,500 for village shops with delivery service and a protective shield of €10M for non-profit associations and organisations (sports, cultural, social, etc.) consisting of non-repayable grants up to €12,000. The regional website has also compiled many aid projects and initiatives from different regional actors, fostering a collective learning exercise.

Offaly (Ireland)

Following Irish government announcement, the Offaly county has been working with local business to defer the payment of rates, due in the 3-month period before end-may, to the end of 2020. The county has also made available the possibility to apply for a mortgage payment break of up to three months for the local authority home loan borrowers who due to the crisis cannot make the repayments on their loans.

Bretagne (France)

The Bretagne Region adopted a €103M plan to help companies and associations get through the crisis. It has created a zero-rate loan of up to €200,000 for SMEs, extended the conditions of bank loans guarantees to 80%-90% for loans aimed at improving liquidity, provided advanced payments of repayable advances already agreed and suspended the reimbursement of the existing ones until September 2020. It has also contributed with €21M to the National Solidarity Fund (which offers direct grants to VSEs) and €7M to the COVID-Résistance Fund (which offers repayable advances up to €10,000). Other measures include the creation of a €5M fund for the associations (sport, culture, tourism, etc.) and the extension of agreements for their postponed actions, and the mobilisation of regional operators to set up moratoriums of 3 to 6 months on their calls for reimbursements (rents, loan interests, loans of honour…). The Region also decided to support Breton companies and makers

who are getting involved to meet the needs linked to the health crisis. A regional trading platform to support local producers has also been launched.

South Karelia (Finland)

The Union of South Karelia is allocating €230,000 of the provincial voluntary development fund (MOKRA) to municipalities, businesses, education institutions and local associations; support will be granted to projects with grants up to €60,000, covering up to 80% of the eligible costs. In addition, South Karelian actors have joined forces in a cross-municipal cooperation. For instance, Imatra Regional Development Agency developed a free online platform where entrepreneurs, regardless of their location within Finland, can share their own ideas, products and services.

Silesia (Poland)

The Silesian Economy Package, endowed with PLN 1 billion (approx. €220M) largely coming from EU Funds managed at the voivodeship level, covers five main pillars in support of local entrepreneurs: (1) working capital and liquidity loans to be distributed by three entities together with other simplifications and improvements in the terms of the already existing support (approx. €98M); (2) employer support by co-financing their remuneration, employee benefits, training, internships, etc. (approx. €71M); (3) non-repayable support in order to maintain jobs, competitiveness and innovation (approx. €36.5M); (4) support activities for the economic promotion of the region and to improve the conditions for investment and exports (approx. €12.5M); (5) investment instrument to support and generate development in the region through capital entries for companies (minimum funding of approx. €4.4M). In addition, a "Silesian Package for a Resident" was also created (approx. €18M) to purchase personal protective equipment for medical entities, support health and life protection of people at risk of social exclusion and support social economy entities. Finally, there is also a "Silesian Package for tourism" (approx. €770.000) which will support social campaigns, tourist events, tourist brands and products and tourist infrastructure.

Östergötland (Sweden)

A new regional web service has been launched to connect companies with different needs due to Covid-19; if looking for assignments, or having available labour, they can post what they can offer and need, being the service is open to all types of organisations including the public sector. The region has also decided to double the support of the New Business Center, which provides expert advice, free of charge, to businesses in financing, taxation, profitability problems, accounting, etc.

Sicily (Italy)

The Sicilian Regional Assembly has approved an extensive economic package which moves more than €1.3 billion from EU Funds (ERDF and ESF) and NOP Metropolitan Cities funds. Among the measures:

the suspension and exemption of fees, charges and regional taxes, financial subsidies and support to private individuals, establishment of guarantee funds and direct and innovative financial instruments to businesses. Some of the concrete measures are: €40M for non-refundable grants for companies which have started conversion processes to produce sanitary and health equipment; €150M in direct grants to provide the productive fabric with liquidity; €150M for loans for businesses and freelancers up to €25.000 guaranteed to cover the costs of sanitizing the rooms; €10M in the form of social security relief contributions for companies hiring; €200M destined through the municipalities to support families without income; and specific support for the tourism (€75M), farms (€50M), craft (€55M), fishing (€30M), public transport (€490M in 5 years), publishing (€10M), education (€120M), entertainment and sport sector. In addition, €300M will go to the municipalities to compensate for the lower revenues resulting from the reduction and exemption of local taxes. *(Other initiatives in Bulletin No. 2)*

Région Sud – Provence-Alpes-Côte d'Azur (France)

The Région Sud launched an emergency, solidarity and recovery plan which amounts to €1.4 billion. In particular, €1.2 billion will be allocated to the rebound plan consisting on significant investments to support: public services (€900M, e.g. €88M for the municipalities and €762M to modernize the public transport service), the economic recovery of the industrial and tourist sector (€20M), a sustainable relaunch by investing in the production of renewable energies and the transition to an energy renovation (€255M), and the health system (€100M). The emergency plan is directed to the health personnel and the most affected enterprises and amounts to €124M (€65M for the business sector). Like the Bretagne region (above), this includes contributions to the National Security Fund and Covid Résistance Fund, the extension of regional bank loan guarantees, support systems for the granting of loans at zero-rate, repayable subsidies and the postponement of loan repayment deadlines and repayable advances, among others. Finally, the solidarity plan (€103.5M) covers different measures in support of affected sectors such as transports, culture and sports.

Hradec Králové (Check Republic)

As part of the city's "Antivirus Program", the city decided to support local business by waiving public space usage fees by the end of 2020, suspending the rent of non-residential premises owned by the city for business which have had to temporarily shut down, allocating a total amount of approx. €370,000 to support local businesses and persons at risk of emergency, and creating a financial reserve of approx. €5.5M for further support during the crisis.

Sintra (Portugal)

In March, the City of Sintra allocated €7.5M to support measures which included the reduction of water fees for domestic use and for companies (around €4M), financial support for the Private Social

Solidarity Institutions (€1M) and for the Amadora/Sintra hospital (€1.5M), the reinforcement of the social emergency fund by €1M for the payment of rent and the purchase of medicines and health equipment. Later this month, it was also decided the suspension of rent payments for social housing and non-profit associations (sports, cultural, social, etc.) for a 3-month period and the extension of payment period for licenses for the occupation of public spaces and advertising. In April, The City of Sintra created a municipal business emergency fund, with an initial allocation of €3M, to provide small entrepreneurs with a grant of €1,500 with the condition that they maintained jobs until December 31, 2020.

Mannheim (Germany)

In addition to the federal and state support, the city of Mannheim has launched a program for additional support aimed at family businesses which have had to close, companies in a contractual relationship with the city and businesses linked to the gastronomic, music venue and cultural sectors. The aid consists of conditionally repayable grants to be repaid if the financial statements 2020-2022 proves appropriate. In addition, the city has also deferred and adjusted trade taxes and special usage fees, and will process the deferral applications for claims from rental, lease and leasehold agreements. Furthermore, a subsidiary of the city, "Start-up Mannheim" is collecting in its network all the local, state and national support measures, and has gathered innovative initiatives from third parties to meet the new challenges.

Katowice (Poland)

The Katowice Entrepreneur Package includes: the exemption from rent for the tenants of commercial premises and of the commercial facilities at urban marketplaces if they have had to suspend their operations, and 50% rent discount for all the others; property tax exemptions; postponement and reductions for means of transport tax and junk fees; the establishment of a crisis counselling point providing legal, financial and economic consultancy assistance; and additional activities to encourage implementation of legal and financial solutions by other independent entities. The city also launched packages for NGOs and cultural associations, which also include rent and fees exemptions, but also financial cooperation, such as a sum of approx. €110,000 to grant artistic projects, aid young artists in a difficult financial situation, and promote Katowice's culture in mass media.

Lappeenranta (Finland)

The city of Lappeenranta announced that companies and associations in difficulties, leased on city premises, can be granted a 3-months' rent deferment and/or an exemption for 2-month's rent. These grants are applicable to businesses with less than 10 employees, whose turnover has decreased more than 30% due to Covid-19 when compared with the same period last year.

Kungsbacka (Sweden)

The municipality of Kungsbacka has created a platform where people can register themselves in order to find temporary jobs in areas with work shortages. Entrepreneurs are also offered the possibility of postponing or fractioning some municipal fees if they are in financial difficulties and can apply, also families, for income support as a last resort. Businesses can access free counselling services through the financial support desk.

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 and 5. 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.

Regional responses	Regions
Direct aids (grants) to the self-employed and/or SMEs	North Rhine-Westphalia, Catalonia, Basque Country, Murcia, Pays de la Loire, Malopolska, Corsica, Valle D'Aosta, Flanders, Azores, Nouvelle-Aquitaine, Wallonia, Hesse, Asturias, Hauts-de-France, Bavaria, Bretagne, Région Sud, Silesia, Sicily
Establishment of credit lines with advantageous terms	Murcia, North Rhine-Westphalia, Navarra, Sicily, Pays de la Loire, Podkarpackie, Malopolska, Lubelskie, Catalonia, Basque Country, Łódzkie, Nouvelle-Aquitaine, Wallonia, Hesse, Lombardy, Bavaria, Bretagne, Région Sud, Zuid-Holland, Silesia
Expansion of the guarantee schemes for loans	Pays de la Loire, Navarra, Corsica, Valle D'Aosta, North Rhine-Westphalia, Catalonia, Flanders, Łódzkie, Wallonia, Hesse, Asturias, Lombardy, Hauts-de-France, Bavaria, Bretagne, Région Sud, Sicily
Support systems for the granting of loans at 0% rate	Pays de la Loire, Corsica, Basque Country, Nouvelle-Aquitaine, Central Bohemia, Bretagne, Région Sud, Sicily, Murcia
Refinancing, adaptation or extension of existing funding in repayable advances	Corsica, Basque Country, Pays de la Loire, Nouvelle-Aquitaine, Hauts-de-France, Bretagne, Région Sud
Exemption, discount, deferment or fractionation of regional taxes	Lombardy, Valle d'Aosta, Istria, Catalonia, Navarra, North Rhine-Westphalia, Murcia, Flanders, Klaipėda, Hesse, Asturias, Zuid-Holland, Offaly, Sicily

Regional responses	Regions
Postponement or exemption of rent payments of business premises linked to the government	Lubelskie, Istria, Basque Country, Klaipėda, Asturias
Creation of a virtual marketplace promoting business collaboration to face the health emergency	Zwolle, Catalonia, Navarra, Nouvelle-Aquitaine, Rhineland-Palatinate, Murcia
Creation of a support team for businesses to disseminate information on existing support and offer consultancy services	Zwolle, Catalonia, Nouvelle-Aquitaine, Hauts-de-France

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

Payment of damages (e.g. cancelled events)	Utrecht, Berlin, Tallinn
Creation of a marketplace between private and public stakeholders and the entrepreneurial ecosystems	Lisbon
Creation of a website gathering local initiatives	Ghent, Lodz, Pinzgau, Florence, Mannheim
Loan guarantees	Berlin, Hamburg, Sofia
Webinars and similar online activities	Braga, Zaragoza

Useful links

- Eurostat webpage devoted to Covid-19 https://ec.europa.eu/eurostat/web/covid-19/overview
- European Commission's dedicated Coronavirus response website
- OECD Digital hub on data and policy responses to Covid-19: http://www.oecd.org/coronavirus/en/
- 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
- 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.
