FISCAL POLICY MEASURES ADOPTED SINCE THE SECOND WAVE OF THE HEALTH CRISIS: EURO AREA, THE UNITED STATES AND THE UNITED KINGDOM

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Abstract

The persistence of the health crisis made it necessary for the main advanced economies to approve fresh fiscal measures or extend the terms of those that expired. This paper summarises the main actions taken since autumn 2020 in the main euro area economies (Germany, France, Italy and Spain), the United States and the United Kingdom, supplementing a previous paper (Cuadro-Sáez et al. (2020)) that focused on the measures approved in the first half of 2020. Also, the actions taken within the State aid temporary framework, adopted by the European Commission to provide direct support to the most affected firms and to limit trade and competition distortions in the internal market, are detailed. This set of actions has helped to mitigate the risks associated with an early withdrawal of fiscal stimulus. Notable among the new measures adopted is the additional support for firms in European countries, the direct assistance to households in the United States and the new employment support provisions in the United Kingdom.

Keywords: health crisis, fiscal policy, State aid, grants, public loan guarantees, short-time work schemes.

JEL classification: E62, E65, H00, H81, J08.

Resumen

La persistencia de la crisis sanitaria hizo necesario que las principales economías avanzadas aprobaran nuevas medidas de política fiscal o ampliaran los plazos de las que vencían. Este trabajo resume las principales actuaciones adoptadas desde otoño de 2020 en las principales economías del área del euro (Alemania, Francia, Italia y España), Estados Unidos y Reino Unido, complementando así un trabajo anterior [Cuadro-Sáez *et al.* (2020)] centrado en las medidas aprobadas durante la primera mitad de 2020. Asimismo, se detallan las acciones tomadas dentro del marco temporal de ayudas de Estado que la Comisión Europea adoptó para proporcionar apoyo directo a las empresas más afectadas y limitar distorsiones en el comercio y la competencia en el mercado interior. Este conjunto de actuaciones ha contribuido a mitigar los riesgos asociados a una retirada temprana del estímulo fiscal. Entre las nuevas medidas adoptadas destacan las provisiones adicionales de apoyo a las empresas en los países europeos, las medidas de ayudas directas a los hogares en Estados Unidos y las nuevas provisiones de apoyo al empleo en el Reino Unido.

Palabras clave: crisis sanitaria, política fiscal, ayudas de Estado, subvenciones directas, garantías públicas, mecanismos de empleo parcial.

Códigos JEL: E62, E65, H00, H81, J08.

Contents

1 Introduction

The persistence of the health crisis and expiry of the fiscal measures taken in 2020 H1 led most countries to extend the existing measures and to introduce additional provisions from H2 onwards. This paper summarises the actions taken by the largest euro area economies (Germany, France, Italy and Spain), the United States and the United Kingdom,[1] and those taken within the European Union's (EU) State aid framework.

Notable among the new measures in the euro area countries is the further support available to businesses through the creation of additional aid programmes and the strengthening and extension of existing arrangements. In the United States, the most sizeable measures were focused on direct aid for households, while in the United Kingdom, new employment support provisions and additional household support measures were introduced.

As regards business liquidity support measures, the public guarantee programmes were extended in all the economies considered in this paper, with longer repayment periods and an easing of access conditions in some cases. As a result, the public guarantee programmes were in force until May in the United States, until June in Germany (according to the current schedules) and until December in the United Kingdom, Italy, Spain and France. However, as regards the use made of these programmes, there continues to be significant disparity across the main euro area economies, and a considerable slowdown was observed in the last few months of 2020 and first months of 2021.

Also, among the set of measures adopted, the specific aid for firms granted within the EU's Temporary Framework is gaining prominence. The aim here is to target aid on the sectors hardest hit by the pandemic and, accordingly, it is chiefly aimed at sectors such as the aviation and automotive industries. Except for that granted by the German Government, the aid is generally in the form of subordinated loans and guarantees, rather than direct capital holdings.

1 For a summary of the measures adopted in these economies in the first half of 2020, see Cuadro-Sáez et al. (2020).

2 Measures adopted in the main economies since October

In the last few months of 2020, the main advanced economies **extended** many of the measures they had adopted in the first part of the year. Table 1 details the main renewals and Table 2 summarises the current expiry dates, following these extensions, for the most significant measures as at the cut-off date for this paper.

Specifically, among the euro area economies, the temporary tax deferrals were renewed until April 2021 in Spain and Italy, and until June in Germany and France. The United Kingdom extended the business rates relief and deferred VAT payments for 2020 Q2 (until June 2021) and prolonged the reduced VAT rate for the tourism and hospitality sectors (until March 2022).

Similarly, each country extended its specific unemployment benefits. In Spain, the temporary layoffs or short-time work arrangements (ERTE, by the Spanish abbreviation) for reasons of force majeure were renewed until 30 September 2021. In France, such schemes were extended until end-October for businesses in the hardest-hit sectors. In Italy, the temporary scheme broadening the scope of unemployment benefits (“cassa integrazione”), approved as a result of the COVID-19 pandemic, came to an end on 30 June, but firms will remain exempt from additional contributions until year-end. Germany’s short-time work scheme (“Kurzarbeit”) was extended until end-2021. In terms of measures aimed at preserving employment, Spain and Italy continued their ban on dismissing workers subject to an ERTE or the “cassa integrazione”, respectively. The United States extended the payments to firms that decided to retain their staff on the payroll during the disruptions caused by coronavirus (e.g. the Employee Retention Credit)[2] until December 2021, and the subsidies to cover sick leave or care of dependents. In the United Kingdom, the Coronavirus Job Retention Scheme, available to those firms opting to retain their staff on furlough (as opposed to dismissing them), was extended until September 2021.[3]

As regards the budgetary measures to support firms and the self-employed, the insolvency moratoria were renewed until June 2021 in Italy and until year-end in Spain. The United States increased the funds for loans to SMEs under the Paycheck Protection Program (PPP), but did not extend its term and the scheme came to an end in May. The United Kingdom approved new rounds of funding under the Self-Employed Income Support Scheme, which is aimed at providing grants of up to £7,500 to the self-employed and will remain in force until September 2021. As regards business support measures, the direct assistance schemes were extended until end-March.[4]

2 For more details on these schemes, see the reference in footnote 1.

3 See the reference in footnote 1.

4 Businesses in the hospitality and leisure sectors that were shut down owing to the restrictions can receive a grant of up to £3,000 per month; those that remained open are eligible for up to £2,100. Businesses belonging to other sectors that were shut down during the national lockdowns can request up to £3,000 per month and a one-off payment of £9,000. For other businesses that do not meet the foregoing requirements, a discretionary fund, to be managed by local authorities, has been made available.

Table 1.1
FISCAL POLICY RESPONSE. BUDGETARY AND EXTRA-BUDGETARY MEASURES

Country	Deferral and suspension of taxes on businesses	Subsidisation of labour costs and unemployment, and support for businesses	Support for businesses (guarantees, credit, recapitalisations)	Support for households
Spain		A further €11 billion (1% of GDP) earmarked for supporting firms and the self-employed, including €7 billion for the new line of direct aid to cover fixed expenses and debt	Possibility of extending the expiry of guarantees for transactions entered into before 18 November 2020 for a period of up to three years, providing the total maturity does not exceed eight years from the date of initial arrangement of the transaction. Extension of the grace period from one to two years. €3 billion earmarked for restructuring firms' State-backed financial debt. Creation of a €1 billion fund to facilitate firms' recapitalisation. Activation of a new tranche of the guarantee facility (€15 billion) for the self-employed and firms	Increase in the limit on aid granted under the State Housing Plan 2018-2021 until end-2022
Italy	The self-employed hit hardest by the pandemic exempted from paying social security contributions in 2021	€1.9 billion earmarked for firms affected by the new restrictions imposed in some regions. New measures to alleviate tax burden. Aid totalling €645 million (0.04% of GDP) for the hospitality sector owing to the restrictions over Christmas. Direct aid for the self-employed for six months, from €250 up to €800 per month, for the period 2021-2023. New aid for businesses, in proportion to the monthly revenues lost on account of the pandemic. Discounts on electricity expenditure. New business support measures (€16.8 billion), including non-refundable contributions to the VAT item of all businesses whose turnover fell by at least 30% between 2019 and 2020 and with a maximum of €10 million in turnover. Creation of a special aid fund to support the winter tourism industry	New €200 million fund to support ailing large firms through lending. €9 billion for public guarantees, liquidity measures and firms' capitalisation. Changes to public guarantee conditions: guarantees for SMEs on loans of less than €30,000 increased from six to ten years; the maximum covered is reduced from 100% to 90%	€5 billion (0.3% of GDP) earmarked in small aid for the purchase of various consumer goods. Aid for paying rent and utility bills. Increased appropriations to several funds to combat poverty; wider range of potential beneficiaries. New measures totalling €290 million (0.02% of GDP) to support employees working from home
Germany	Tax measures to support investment. Reduction in VAT rate for hospitality-related firms until end-2022	Extension of the special KfW ("Kreditanstalt für Wiederaufbau") scheme for all manner of firms. Simplification of the conditions for accessing aid to cover firms' fixed costs ("Überbrückungshilfe III" scheme): any firm with a turnover decline of more than 30% compared to the same month in 2019 can access the scheme. Increase in the limit for accessing this scheme for firms with up to €750 million in revenues, retroactively from November 2020 until June 2021. Grants for business research totalling up to €2 million. Doubling, to up to €6,000, of the amount received by firms for work-experience contracts	Increase, from €1.25 million to €2.5 million, of the limit on guarantees for firms in all sectors	Easier access to the basic income for low-income households under the Social Code Book II scheme ("Sozialgesetzbuch II"), up to December 2021

SOURCE: Devised by authors based on national sources.

Turning to household support measures, in Italy the possibility of suspending mortgage payments on principal residences via the Gasparrini Fund was extended.[5]

5 The deadline for applying for this measure was pushed back until December 2021. Around 10% of mortgages are currently suspended until April 2022 under the moratorium backed by the Italian State.

Table 1.1

FISCAL POLICY RESPONSE. BUDGETARY AND EXTRA-BUDGETARY MEASURES (cont'd)

Country	Deferral and suspension of taxes on businesses	Subsidisation of labour costs and unemployment, and support for businesses	Support for businesses (guarantees, credit, recapitalisations)	Support for households
France	Tax cut for businesses. Tax cut in respect of properties located on commercial land in 2021 for an amount of €10 billion (0.4% of GDP)	Increase, to €200,000 per month, in the compensation available to businesses shut down on account of the pandemic. Increase in the maximum financing available under the solidarity funds to large firms in the hardest-hit sectors. Easing of the access conditions to solidarity funds, for firms whose turnover has fallen by 20%, rather than the previous 50%. The aid for firms in troubled sectors through the solidarity fund has been maintained from June to August, but the amount that may be received has been reduced to €10,000 or 20% of turnover, up to €200,000. Possibility for firms to make one-off tax-free payments of €1,000 to their employees (up to €2,000 for "second-line" workers, such as retailers and hauliers)	The repayment of loans under the public guarantee programme for firms of any size and sector may be deferred for one year. €3 billion transition fund for medium-sized and large enterprises, enabling intervention in the form of loans, quasi-equity and equity	One-off payment of €150 (plus €100 per dependent child) to 2.5 million households receiving other aid. Support measures valued at €1 billion (0.04% of GDP) for low-income households

SOURCE: Devised by authors based on national sources.

Table 1.2

FISCAL POLICY RESPONSE. BUDGETARY AND EXTRA-BUDGETARY MEASURES

Country	Deferral and suspension of taxes on businesses	Subsidisation of labour costs and unemployment, and support for businesses	Support for businesses (guarantees, credit, recapitalisations)	Support for households	Other spending measures
United Kingdom	Reduced VAT rate for some activities (leisure, hospitality). Payment deferrals for VAT and business rates	Up to September 2021: payment of 80% of the salary and contributions of companies that have furloughed workers, and reimbursement of sick leave to SMEs. Subsidies to SMEs and payment of 80% of profits of the self-employed	Public guarantees (British Business Bank and Government) and access to credit for businesses	Increase in subsidies for the underprivileged (Universal Credit). Deferral of mortgage and other loan payments (max. six months until July 2021). Public guarantee for mortgages with 90-95% LTV ratio for house purchase (up to £600,000). Stamp duty: increase to the nil rate band until September 2021	Increase in other budget items
United States	Increase in deductions on personal income tax (e.g. child tax credit) and corporate income tax (e.g. Employee Retention Credit)	Remunerated sick leave for workers in quarantine; tax relief to SMEs for sick employees. Increase by $300 per week in provision for unemployment until September 2021	Interest-free, unsecured loans to SMEs, which could become subsidies, depending on the percentage of staff retained. Loans to non-financial corporations and businesses that have been severely affected, such as airlines and strategic companies	Students exempt from paying interest on federal loans. Food stamps and broader Medicare coverage. Cash payments of up to $2,000 to individuals	Extraordinary spending of State and local governments

SOURCE: Devised by authors based on national sources.

In Spain, the limit on aid granted under the State Housing Plan 2018-2021 was raised until end-2022, and the suspension of eviction procedures for economically vulnerable households was renewed until 9 August 2021. In the United Kingdom, the deferral for up to six months of mortgage and other loan payments was extended until July 2021. In France, the Youth Guarantee initiative will be extended during 2021; this scheme will provide young

Table 2
EXPIRY OF THE MAIN SUPPORT MEASURES

	Germany	France	Italy (a)	Spain (b)	United States (c)	United Kingdom (d)
Tax deferrals	Jun-21	Jun-21	Apr-21	Apr-21	Dec-21	Jun-21
Partial unemployment arrangements	Dec-21	Oct-21	Dec-21	Sep-21	Sep-21	Sep-21
Ban on dismissals	n/a	n/a	Dec-21	Sep-21	n/a	n/a

SOURCE: Devised by authors based on national sources.

a The partial unemployment arrangements refer to the employer exemption from paying the usual labour subsidy ("cassa integrazione"). The ban on dismissals applies only to workers subject to the "cassa integrazione" scheme.
b The ban on dismissals applies to furloughed workers.
c The public guarantee programmes refer to PPP loans. For tax deferrals, the cut-off date for the labour costs on which firms can claim tax credits is indicated. The partial unemployment arrangements refer to the extension of unemployment benefit.
d The partial unemployment arrangements refer to the furlough scheme and support for the self-employed. They do not include the Job Support Scheme, whose implementation is suspended until the current programmes end.

people who are not in employment, education or training with a wage of up to €500 per month and tailored training for their integration in the labour market.

Overall, the renewal of these measures has significantly mitigated the so-called "cliff-edge" risks of economic activity contracting on account of a sudden reduction in fiscal stimulus in these economies. However, significant differences can be observed across countries and in the measures. As shown in Table 2, the tax deferral measures will remain in place in most countries until the end of 2021 Q2, while the partial unemployment arrangements were extended until Q3 or Q4.

Further, the fiscal packages approved in the main economies since October 2020 contained **new measures** (summarised in Table 1) to support the productive system and households, owing to the successive waves of infections, the temporary restrictions on activity and the sharp sectoral impact of the pandemic.

In **Germany,** tax measures to support investment were set in place, and the VAT rate was reduced for hospitality-related firms. Also, access to the special loan programme for microenterprises and the self-employed ("Kreditanstalt für Wiederaufbau") was opened up to all firms. In addition, the conditions for accessing assistance to cover fixed costs were simplified. German businesses will also be able to access research grants and greater subsidies for work-experience contracts. In the realm of household aid, Germany made it easier to access the basic income for low-income households under the Social Code Book II scheme ("Sozialgesetzbuch II").

In **France,** the authorities announced a tax cut for businesses and on property located on commercial land. As regards measures involving support for firms, the compensation available to businesses that were shut down owing to the pandemic was increased. The 2021 budget included new business support measures totalling €4 billion a month, the foremost of which are an increase in the maximum funding available through the solidarity funds to large firms in the hardest-hit sectors and the deferral of the State-backed loan repayments. In addition, the conditions for firms to access the solidarity funds were eased, and businesses were allowed to make one-off tax-free payments to their employees. This aid was extended until August, although the amounts that firms may receive have been reduced. Lastly, in late 2020 a one-off payment of €150 (plus €100 per dependent child) was made to 2.5 million households receiving other aid, and additional support measures were announced for low-income households.

In **Italy,** new measures to alleviate businesses' tax burden were introduced through a series of decree-laws enacted in November. These measures include the cancellation of municipal property taxes and direct aid for firms affected by the new restrictions imposed in some regions, for a total amount of €1.9 billion. In December, new aid totalling €645 million, in the form of direct transfers, was also set up for the hospitality sector to mitigate the effects of the restrictions over Christmas. The self-employed hit hardest by the pandemic have been exempted from paying social security contributions in 2021 and will receive direct aid for six months. In March 2021, these measures were supplemented with a further €15.9 billion (1% of GDP) earmarked for firms and the self-employed. This notably includes new aid in proportion to the monthly revenues lost on account of the pandemic, discounts for firms on their electricity expenditure and the creation of a new special aid fund to support the winter tourism industry. In April, a plan was also approved to provide €6 billion per annum in funding for public spending and investment for the period 2022-2023. In May, business support measures to the tune of €16.8 billion were approved, including €15 billion to subsidise VAT payments by firms whose turnover fell by at least 30% between 2019 and 2020. Turning to household support measures, €5 billion (0.3% of GDP) was granted in small aid for the purchase of various consumer goods, and rent and utility bill subsidies were approved. Appropriations to several funds to combat poverty were increased and the range of potential beneficiaries was expanded.[6]

In **Spain,** in March 2021 €11 billion was mobilised (1% of GDP) to support the solvency of firms and the self-employed, which will be implemented by the regional governments. Of this total, €7 billion relates to a new direct assistance facility to cover fixed costs and debt payments, while €4 billion will be earmarked to support corporate debt restructuring and firms' recapitalisation.[7]

In the **United States,** two new fiscal packages – the Coronavirus Response and Relief Act and the American Rescue Plan, with a total estimated budgetary cost of $900 billion (4.1% of GDP) and $1.9 trillion (8.7% of GDP), respectively – extended and enlarged several of the measures included in the fiscal package of last spring (CARES Act). The most sizeable support measures were direct transfers to households. Specifically, unemployment benefits were increased by $300 per week until 6 September, two new lump-sum direct payments

6 *Reddito di cittadinanza*, guaranteed minimum income, emergency income.

7 These measures are detailed in Section 3.2.

to each individual were approved for a total of up to $2,000, and assistance for work-life balance and child tax credits were increased, along with nutrition assistance programmes and other subsidies for vulnerable groups. Lastly, new funds were announced to finance State and local governments and for education and transport programmes, which are usually paid for by such regional administrations.

In the **United Kingdom,** in April 2021, seeking to boost the reopening of businesses during the return to normal, lump-sum payments of £18,000 for the hospitality and leisure sectors and £6,000 for other sectors were announced. In addition, implementation of the new Job Support Scheme is expected. Under this six-month scheme, any employee working a minimum of 20% of their hours will receive 62% of their wages for hours not worked from the Government, with the employer paying a further 5% in addition to social security and pension contributions. The Job Entry Targeted Support programme has also been launched, aimed at helping those who have received unemployment benefits for at least three months to find work.

As regards support for households, beneficiaries of Universal Credit – support for low-income households and the unemployed – will receive a £20 increase in their weekly payment until September 2021, while low-income workers who are unable to work from home and have had to self-isolate on account of COVID-19 will receive lump-sum payments of up to £500, depending on their region of residence. Turning to new mortgage lending, in March 2021 a guarantee scheme was set up to cover 80% of the value of properties worth up to £600,000 purchased before end-2022, provided they are financed by mortgages with a loan-to-value ratio (LTV) of 90-95%. The nil rate band for Stamp Duty has also been increased until September 2021.

3 Business liquidity and solvency measures

3.1 Liquidity measures

Extra-budgetary liquidity aid to firms through **public guarantee programmes** remained the most widespread and sizeable measures, not only because of their capacity to jointly mobilise public and private funds, but also based on the amount of public funds committed in the event of the guaranteed loans being written off. Countries have used different strategies to implement such measures. On the one hand, the major European economies, including the United Kingdom, have used State guarantee programmes, managed by national public development banks, for loans granted by the banking system. On the other, the United States has opted to use special-purpose investment vehicles, operated by the Federal Reserve and with capital contributed by the State. Moreover, there is some cross-country heterogeneity in the specific characteristics of the guarantee programmes, such as their total volume and coverage levels.[8]

In the main **European economies,** these programmes were extended until December 2021 (June in the case of Germany) (see Table 2). In addition, Spain allowed firms whose turnover has declined by 30% to extend by up to five years the expiries of guarantees for loans arranged prior to 18 November 2020, provided that 10 years have not elapsed since the initial loan origination date, and the grace period was extended from one to four years. Further, €15 billion in guarantees for the self-employed and firms were approved, which can be requested until 1 December 2021. Of this amount, €10 billion will be made available to the self-employed and SMEs and €5 billion will be earmarked for other firms. In Germany, the maximum guarantee amount for firms in all sectors was increased from €1.25 million to €2.5 million. In France, one-year deferrals were allowed on loans under the public guarantee programme. In Italy, the terms and conditions of the public guarantees were amended, extending from six to ten years the guarantees on loans of less than €30,000 to SMEs, and reducing the maximum guarantee percentage from 100% to 90%.

In the **United Kingdom,** the application deadline for the main facilities[9] under the business support programme was extended until end-March 2021.[10] The Government subsequently announced a single Recovery Loan Scheme, aimed at firms of all sizes – including beneficiaries of the previous programmes –, which will provide guarantees similar to those under the Coronavirus Large Business Interruption Loan Scheme until December 2021.

The **United States** extended the deadline to apply for loans under the Main Street Lending Program – aimed at medium-sized firms – until January 2021, and for the Term Asset-Backed Securities Loan Facility and the Primary Market Corporate Credit Facility to end-December. The Treasury requested the return of the funds it had invested in several of the programmes set up last spring and that expired late last year.

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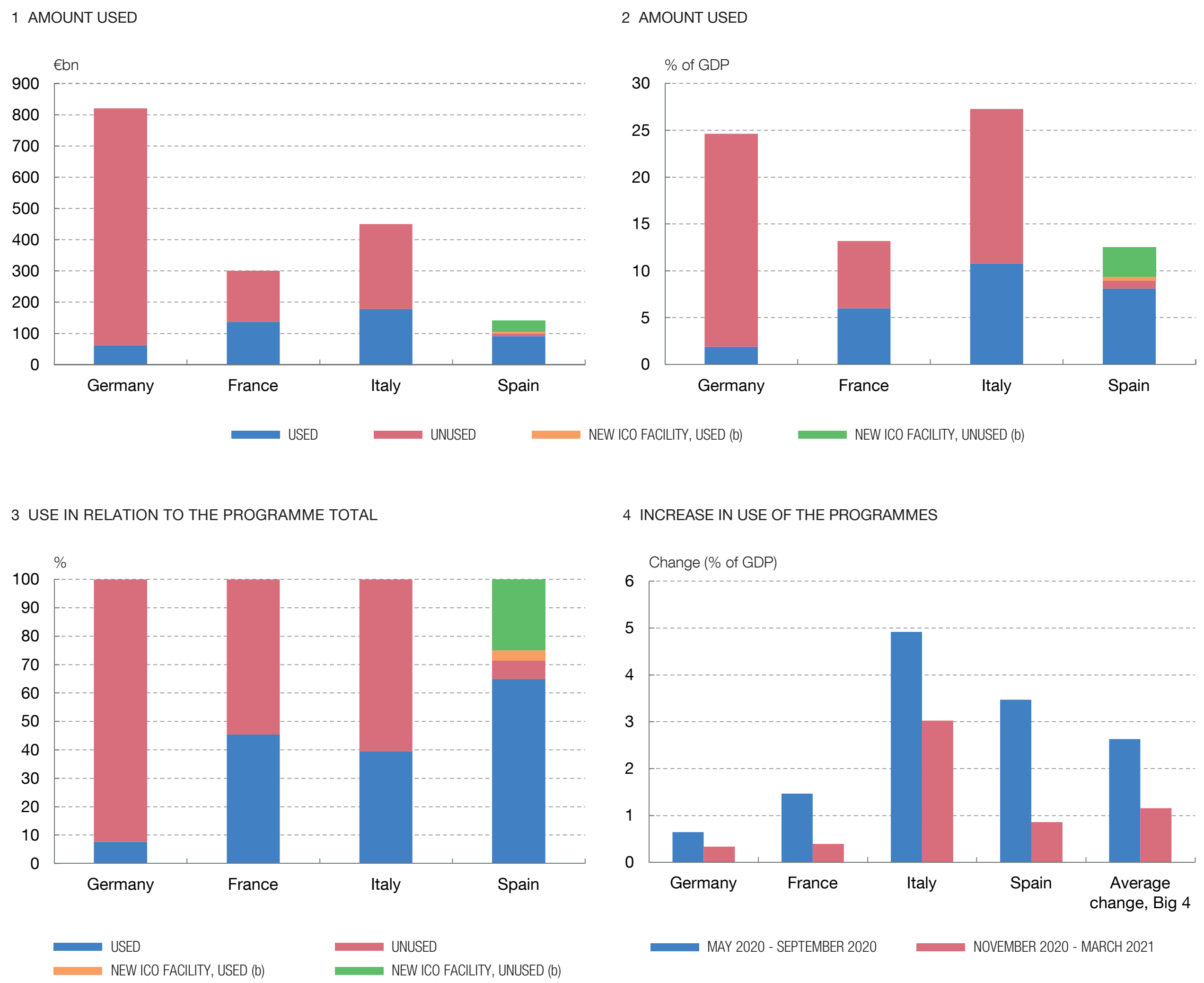
8 For further details, see the reference in footnote 1.

9 See the reference in footnote 1.

10 Except for the applications deadline for the Future Fund, which was extended only until 31 January.

Chart 1

USE OF PUBLIC GUARANTEE PROGRAMMES IN THE EURO AREA (a)



SOURCE: Banco de España based on national sources.

a Data for April 2021.
b Spain approved a new €40 billion ICO facility in July 2020.

As regards use of these programmes, some disparity remains evident among the **main euro area economies** (see Chart 1). In France, Italy and Spain, up to April 2021 guarantees had been extended for an amount equivalent to a significant share of GDP (more than 10% of GDP in Italy) and covering a considerable percentage of each national guarantee programme (more than 67% in Spain).[11] By contrast, Germany made more moderate use of public guarantees (see Charts 1.2 and 1.3). However, in all of the countries the growth in the use of the programmes slowed markedly in the latter stages of 2020 and early 2021 as compared with the preceding months (see Chart 1.4). On average, use of the guarantees

11 This percentage refers to the sum of the two guarantee programmes approved by the Official Credit Institute (ICO, by its Spanish abbreviation).

Table 3
BUSINESS GUARANTEE PROGRAMMES INCLUDED IN CHART 1

	Funds available (€bn)	Programmes (a)
Spain	140	Guarantee facility, Royal Decree-Law 8/2020 of 17 March 2020
		Guarantee facility for investment, Royal Decree-Law 25/2020 of 3 July 2020
Italy	450 (b)	Fondo Centrale di Garanzia (SMEs)
		SACE
France	300	BPIfrance
Germany	820 (c)	Immediate credit facility ("KfW-Schnellkredit")
		Programme for firms that have been present in the market for more than five years ("KfW-Unternehmerkredit")
		Special programme for syndicated loans ("KfW-Kredit für Wachstum")
		Economic Stabilisation Fund guarantees

SOURCE: Devised by authors based on national sources.

a The programmes included in Chart 1 refer to general credit facilities. More specific sectoral programmes are included within State aid (see Chart 2 and Table 4).
b For Italy, the funds available refer to Banca d'Italia estimates.
c For Germany, the funds available as per the table also include the scheme for start-ups and the guarantees granted by regional governments.

grew by 2.6 pp of GDP in May-September 2020, compared with a change of around 1 pp in November 2020-March 2021.

3.2 Business solvency measures: State aid in EU countries

In addition to the public guarantee programmes, the main EU economies have used other vehicles to support strategic firms and specific sectors, including direct capital holdings, the granting of guarantees, and subordinated loans. To safeguard against such public support to national firms generating distortions to trade and competition in the internal market, all State aid programmes introduced by EU Member States must be approved by the European Commission (EC), as per the **State aid Temporary Framework.**[12] This framework, in force until 31 December 2021, allows for flexibility in the provision of State aid in the event of a severe economic disruption. To further its effectiveness and to ensure its temporary nature, limits have been established on the duration of the aid. In the case of recapitalisations, the framework requires that Member States prepare credible exit strategies within 12 months of granting the aid, unless the State's intervention is reduced below the level of 25% of equity by then. If six years after receiving the aid the State's exit is in doubt, a restructuring plan must be communicated to the EC. Lastly, firms that were already in difficulty as at 31 December 2019 are excluded.

Against this background, on the information published by the EC, the main euro area economies have made use of the flexibility granted by the European institutions to approve specific support programmes for the productive sector (see Table 4). In some cases,

12 See European Commission (2020), and the first, second, third, fourth and fifth amendments thereof.

Table 4
STATE AID PROGRAMMES

	Funds available (€m)	Date	Programmes (a)	Category
Italy	50	21/04/2020	Scheme to support the agriculture and fishing sectors in the Friuli Venezia Giulia region	Restricted: sectors
	30	04/05/2020	Scheme to support SMEs in the agriculture and fishing sectors	Restricted: sectors and SMEs
	70	08/05/2020	Scheme to support the agriculture and fishing sectors in the Campania region	Restricted: sectors
	9,000	21/05/2020	"Umbrella" scheme to support all types of firms and the self-employed	General aid
	12	29/05/2020	Scheme to support all types of firms in agriculture	Restricted: sectors
	7,600	26/06/2020	Four schemes to support small firms and the self-employed	Restricted: SMEs and self-employed
	6,200	08/07/2020	Scheme to support small firms and the self-employed	Restricted: SMEs and self-employed
	1,200	16/07/2020	Scheme to support firms in agriculture, fishing and related sectors	Restricted: sectors
	300	03/08/2020	Scheme to support firms with international business	Restricted: firms with international business
	2,000	13/08/2020	State guarantee to support the trade credit insurance market	Restricted: sectors
	16	19/08/2020	Scheme to support sports associations and amateur sports entities	Restricted: sectors
	44,000	17/09/2020	Recapitalisation scheme to support large firms affected by the pandemic	Restricted: large firms
	403	29/09/2020	Scheme to reimburse costs borne by firms for introducing COVID-19 protection measures	General aid
	1,500	07/10/2020	Scheme to support companies in southern Italy	General aid
	85	15/10/2020	Scheme to support agricultural cooperatives	Restricted: cooperatives and sectors
	484	11/11/2020	Scheme to support all types of firms by reducing social security contributions	General aid
	175	16/11/2020	Scheme to support companies operating in the tourism and thermal bath sectors	Restricted: sectors
	20	17/11/2020	Scheme to support book publishers and the music industry	Restricted: sectors
	625	04/12/2020	Scheme to support tour operators and travel agencies	Restricted: sectors
	500	05/12/2020	Scheme to support businesses selling goods or services in historical centres of touristic cities	Restricted: sectors
	300	18/12/2020	Modification of a scheme to support firms in agriculture, fishing and related sectors	Restricted: sectors
	370	07/12/2020	Scheme to support firms in the trade fair and congress sector	Restricted: sectors
	130	23/12/2020	Scheme to support airlines	Restricted: sectors
	828	13/01/2021	Modification of scheme to support internationally active firms	Restricted: firms with international business
	40	12/02/2021	Scheme to support micro-enterprises operating in fuel distribution	Restricted: sectors
	4,800	19/02/2021	Modification of support scheme for firms in southern Italy, extended to 2021	General aid
	61	26/02/2021	Scheme to support firms (exemption from social security contributions)	General aid
	10	02/03/2021	Scheme to support the operator of the Pisa airport	Restricted: sectors
	511	11/03/2021	Scheme to support transport companies (rail)	Restricted: sectors
	63	16/03/2021	Scheme to support firms in the trade fair sector	Restricted: sectors
	270	25/03/2021	Scheme to support passenger and freight transport companies (rail)	Restricted: sectors
	24	06/04/2021	Scheme to support mooring firms	Restricted: sectors
	3,500	09/04/2021	Amendments to "umbrella" scheme	General aid
	12	09/04/2021	Scheme to support publishers of tourism publications	Restricted: sectors
	10	15/04/2021	Scheme to support firms operating small ships in the tourist sector	Restricted: sectors
	20	28/05/2021	Schema to support firms in road passenger transport	Restricted: sectors
	415		Measures to compensate Alitalia and other airlines	Restricted: sectors

SOURCE: Devised by authors based on information from the EC.

a The State guarantee programmes included in the table refer to specific sectoral programmes.

Table 4
STATE AID PROGRAMMES (cont'd)

	Funds available (€m)	Date	Programmes (a)	Category
Spain (b)	3,650	02/04/2020	"Umbrella" scheme to support the economy	General aid
	10,000	31/07/2020	Fund to provide debt and capital support to strategic firms	Restricted: strategic firms
	10,000	23/03/2021	Amendment of the economy support programmes, including an increase in the funds available for small aid	General aid
	1,000	19/07/2021	Recapitalisation fund for affected firms	General aid
France	10,000	12/04/2020	State guarantee to support the domestic credit insurance market	Restricted: sectors
	150	24/04/2020	State guarantee to support SMEs with export activities affected by the pandemic	Restricted: SMEs
	5,000	29/04/2020	Loan to Renault	Restricted: strategic firms
	7,000	04/05/2020	State guarantee for Air France	Restricted: strategic firms
	200	11/05/2020	State guarantee to support SMEs with export activities affected by the pandemic	Restricted: SMEs
	70	25/05/2020	State guarantee for Novares	Restricted: strategic firms
	5,000	05/06/2020	"Umbrella" scheme to support research and development for coronavirus-relevant products	General aid
	30,000	30/06/2020	Subordinated loan scheme to support firms affected by the pandemic (all sectors except the financial sector)	General aid
	140	14/12/2020	Measures in favour of Corsair (restructuring and compensation for losses)	Restricted: strategic firms
	4,100	16/12/2020	Wage subsidy scheme (all firms and sectors)	General aid
	120	26/01/2021	Scheme to compensate sports clubs and organisers of sports events	Restricted: sectors
	200	26/01/2021	Scheme to compensate tourism, catering and events businesses	Restricted: sectors
	2,000	13/03/2021	Scheme to support firms affected by the pandemic (all sectors except the financial sector)	General aid
	25	19/03/2021	Scheme to support the horticulture sector	Restricted: sectors
	700	22/03/2021	Scheme to support ski-lift operators	Restricted: sectors
	4,000	06/04/2021	Recapitalisation of Air France	Restricted: strategic firms
	100	12/05/2021	Scheme to support the agriculture sector	Restricted: sectors
	110	18/05/2021	Scheme to support the audiovisual and radio sector	Restricted: sectors
Germany	550	27/04/2020	State guarantee in favour of Condor	Restricted: strategic firms
	6,000	25/06/2020	Recapitalisation of Lufthansa	Restricted: strategic firms
	100,000	08/07/2020	Creation of a recapitalisation fund for firms affected by the pandemic	General aid
	6,000	07/08/2020	Scheme to compensate local and regional transport firms	Restricted: sectors
	26	29/09/2020	Scheme to compensate hostels and educational centres in Bavaria	Restricted: sectors
	30,000	23/11/2020	"Umbrella" scheme	General aid
	750	27/11/2020	Scheme to compensate the child education sector	Restricted: sectors
	3,500	02/12/2020	Scheme for regional/local authorities to invest in firms affected by the pandemic	General aid
	1,250	05/01/2021	Recapitalisation of TUI	Restricted: strategic firms
	12,000	22/01/2021	"Umbrella" scheme aimed at compensating firms affected by restrictions	General aid
	642	25/01/2021	"Umbrella" scheme to compensate firms in the trade fair and congress sector	Restricted: sectors
	10,000	31/05/2021	Scheme to compensate firms affected by the pandemic	General aid

SOURCE: Devised by authors based on information from the EC.

a The State guarantee programmes included in the table refer to specific sectoral programmes.
b In Spain, not included is the March 2020 State guarantee programme for firms and the self-employed with a budget of €20 billion, increased to €40 billion in December 2020.

such as Spain, the bulk of this aid has been granted under “umbrella” schemes (general aid programmes), but extending their coverage and budget. Similarly, in Germany the Economic Stabilisation Fund was supplemented with specific aid, in some cases granted by the federal states. In Italy, various types of aid have been extended specifically to productive sectors, such as direct aid to the tourism and transport sectors or to support the internationalisation of firms. Some of these sectors have also benefited from tax reductions. In France, in addition to sectoral aid, most notably to the agricultural sector, support has been provided to firms deemed strategic in the aviation and automotive sectors. Such aid has essentially taken the form of subordinated loans and other hybrid capital instruments. Only in some cases have there been direct recapitalisations of strategic firms, such as airlines in France and Germany.

4 Conclusions

The persistence of the health crisis made it necessary for the main advanced economies to approve fresh fiscal measures or extend the terms of those that expired. This paper summarises the main actions taken since autumn 2020 in the main euro area economies (Germany, France, Italy and Spain), the United States and the United Kingdom.

In any event, the measures adopted will foreseeably continue to be adjusted over the coming months based on the course of the pandemic. Looking ahead, the approved and/or announced government actions are focusing on programmes that are conducive to reinforcing the recovery and raising long-term growth. For instance, the Next Generation EU programme and the American Jobs Plan, which has been announced in the United States, aim to boost public investment in the two regions from 2021 H2 and 2022, respectively. For its part, the American Families Plan will focus on increasing support to low-income households from 2022.

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