

A view on the COVID impact on and support measures for SMEs

This document presents a first summary of data, which SMEUnited has received from members about the impact of COVID on SMEs, the use of available measures and some forecasts for the macroeconomic impact. The paper will be updated, when additional information arrives.

1. COVID-19 impact on SMEs

- COVID-19 hits small and medium enterprises all over Europe. On average, about **90% of SMEs report to be economically affected**. In particular, the most impacted sectors are services (60%-70%), construction and production. The food sector follows with an impact of 10%-15%. For instance, in France 90% and in Spain 95% of SMEs are affected.
- Moreover, 30% of total SMEs report that their **turnover** is suffering at least an 80% loss, with an **EU average** which is about **50% loss**. For instance, Belgium reports a decline in turnover for 72% of SMEs and for 28% of SMEs a loss of more than 75%; Germany reports a decline of 50%, France and Spain a decline of 80% and 75% in sectors confined.
- In addition, although a detailed forecast on employment is premature, SMEs expect an increase in the **unemployment rate** in a range between **3% and 5% points**. In some countries, the impact is already harmful. For instance, in Spain and in Austria the workers who suffer a lay-off are respectively 760,000 and 200,000. In Germany and Finland, they are respectively 10,000 and 12,700. While Belgium reports a 32% increase in unemployment in the private sector.

2. Available benefits

- As regards **liquidity measures**: loan guarantees or subsidies are available in all countries responded. Postponement of Tax or Social Contribution payments is available in all countries but Portugal. For example, 20% of taxes applied in Germany are postponed. Postponement of repayment of loans is available in some countries. There is still little information about the usage of these measures. Moreover, SMEs in all of the European countries have started to use the **short term unemployment** scheme for protection. On average, at the time

of this paper, a range between **10% and 50% of SMEs** are applying this instrument. In terms of numbers, there are about 3.5 million workers and 200 thousand companies which are using the unemployment scheme. For instance, in Austria there are 53,646 applications, in Belgium, there are 1,075,000 temporary unemployed, in Croatia 180,000, in Finland 260,000, in France 5 million, in Netherlands 300,000 and in Spain 270,430. In Germany, 36% of all companies are asking for the protection scheme.

- Finally, EU countries are answering to the loss of income for self-employed through **income subsidies**. At the moment, the subsidy level is in a range between **€600 and €2000** among EU members. For instance, in Ireland is €1,517 per month, in Italy €600 per month, in Spain 670€ per month (in Catalunya €2,000 for self-employed). In Austria, there are 122,649 applications with € 105 million transferred, in Belgium, there are 40% request of all self-employed in March with a cost of €419 million and 50% of all self-employed in April with a cost of €523 million. In France, there are €1500 for 755,000 applications and €460 million paid to 342.000 enterprises.

3. Macroeconomic forecast

- **GDP** in EU nations may decrease by a range between **3% and 6%**.
- **Deficit** may increase by a range between **3% and 5% points**.
- There is still little info about the impact on the general **unemployment**.
- For instance, in Austria, GDP 2020: -2.5; employment: - 1.1 % points; deficit: - 5.5%. In France, GDP 2020: -1%, deficit: -9%. In Germany, GDP 2020: -2.8/- 5.4%. In Italy, GDP 2020:-5/-8%. In Netherlands, GDP 2020:-1.2/-5.0%; unemployment: 4.1/4.3; deficit: -1.5%/4.5%.

Please do not hesitate to contact Gerhard Huemer, Director for Economic and Fiscal Policy (Email: g.huemer@smeunited.eu) for further questions.