Covid-19: 10 things the EU is doing for economic recovery

Find out what the EU is doing to help Europe get back on its feet following the devastating economic effects brought on by the Covid-19 pandemic.

Read our timeline of EU measures to tackle Covid-19 for an overview of everything the EU is doing to help Europe cope with the crisis.

1. Providing massive economic stimulus
To help Europe recover from the devastating economic repercussions wrought by the coronavirus pandemic, the European Commission proposed a €750 billion stimulus plan, coupled with a revised proposal for the EU's next long-term budget (2021-2027). Next Generation EU sees the Commission borrowing money on financial markets, using its high credit rating to secure low borrowing costs. The Parliament has backed the recovery plan, but insists that the Green Deal must be at its heart and also wants to avoid burdening future generations.

EU leaders reached a deal on the budget and recovery plan mid-July. Though MEPs welcomed the agreement on the recovery package, they regretted the decrease in grants. Parliament said the agreement on the long-term budget put EU priorities such as the Green Deal and the Digital Agenda at risk and said it was prepared to withhold its consent unless the deal is improved.

2. Supporting EU health systems and infrastructures

Buttressing the EU's response capacity to health crises is key to dealing with current and future financial crises. To help Europe cope, the EU launched the new EU4Health programme, which will bolster member states' healthcare systems as well as fostering innovation and investment in the sector. EU4Health is part of the Next Generation EU recovery plan. The Parliament had insisted on the creation of a new stand-alone European health programme.

3. Protecting small and medium-sized businesses

Small and medium-sized enterprises represent 99% of all businesses in the EU, making their survival crucial to the EU's economic recovery. The EU unlocked €1 billion from its European Fund for Strategic Investments to incentivise banks and lenders to provide liquidity to more than 100,000 European small businesses.

4. Mitigating unemployment risks

Jobs have been hard hit by the pandemic, with unemployment figures rising dramatically. To help workers, including young people, in the wake of the Covid-19 crisis, the EU's Support mitigating Unemployment Risks in Emergency (Sure) initiative will provide financial assistance of up to €100 billion to member states in the form of loans granted on favourable terms to help cover the costs of national short-time work schemes.

5. Supporting tourism and culture

Another sector badly affected by the pandemic is tourism. Europe is the world's number one tourist destination and the EU introduced a series of measures designed to help the industry cope during the crisis, as well as a package to reboot Europe's tourism. Relief measures for the transport sector were also introduced, to minimise the effects of the pandemic on airlines, railways, road and shipping companies.
Cultural activity has been brought almost to a standstill by the measures taken to tackle the outbreak and Parliament wants targeted support to help the sector.

6. Banking package to support households and businesses

To ensure banks continue providing loans to businesses and households to mitigate the economic fallout from the crisis, the Parliament approved a temporary relaxation of prudential rules for European banks. Changes to the capital requirements regulation will enable pensioners or employees with a permanent contract to get loans under more favourable conditions, ensure credit flows to small and medium-sized enterprises and support infrastructure investment.

7. Supporting agriculture and fisheries

In order to avoid disruption to food supplies and prevent food shortages, the Parliament approved emergency measures to help farmers and fishermen affected by the Covid-19 pandemic. Measures include supporting fishermen and aquafarmers who have had to stop their activity during the crisis and an increasing the support EU countries can give to small firms dealing with farm food. Exceptional market measures were also introduced to support EU wine, fruit and vegetable producers.

8. Helping countries fund their crisis response

To help member states fund their coronavirus crisis response, the EU launched a new initiative, the Coronavirus Response Investment Initiative. It will channel some €37 billion from EU structural funds to provide immediate financial support to EU countries trying to help people and regions face the current crisis.

9. Relaxing state aid rules

As the pandemic was beginning to spread throughout Europe, the EU launched a Temporary Framework on State Aid rules to ensure sufficient liquidity remains available to businesses of all types and help maintain economic activity during and after the Covid-19 outbreak. Member states will be able to grant up to €800,000 to a company to address urgent liquidity needs or grant loans with favourable interest rates.

10. Protecting weakened European businesses from foreign competitors

The economic impact of the coronavirus pandemic has left many European companies vulnerable to subsidised foreign competitors. To help protect businesses, the Parliament called for a level-playing field for all businesses, to avoid distortions to the single market stemming from unfair competition from foreign companies. In parallel, the EU issued guidelines for member states on foreign direct investment, urging them to thoroughly screen investments from
outside the EU to avoid risks to the EU’s security and public order.

Find out 10 things the EU is doing to fight the coronavirus

Find out more
EU response on the coronavirus outbreak
European Commission: jobs and economy during the coronavirus pandemic