Chapter 4

Recovering from the COVID-19 Crisis: How the EU, Germany, and France Plan to Build Back Better

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This Chapter should be cited as
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1. Introduction 69
2. COVID-19 Pandemic in the EU 69
3. Economic Impact of COVID-19 in the EU, France, and Germany 70
4. Recovery Packages in the EU, France, and Germany 74
5. Outlook and Expected Outcomes 79
1. Introduction
The novel coronavirus disease (COVID-19) pandemic posed enormous challenges to all people and governments across the world, wrecking health systems and economic sectors in both developing and developed countries. In the European Union (EU), as in other regions of the world, the pandemic constituted a major obstacle to socio-economic progress, especially as countries struggled to cope with the sudden and rising cases of COVID-19 infections. Nevertheless, governments have had to take decisive actions to mitigate the negative impacts of the pandemic on their respective economies. Whilst attempting to address these impacts, there are concerns that recovery investments should not only tackle economic sectors but should also be aligned to green development goals and objectives. Some regions and countries of the world have started providing stimulus packages and programmes expected to revamp economies and restore jobs whilst safeguarding the environment. This paper presents highlights of plans laid down by the EU and its members to recover from the crisis and draw a path towards recovery. The paper also summarises green recovery plans from France and Germany, both of which have largely led efforts at the national and union levels.

2. COVID-19 Pandemic in the EU

Pandemic situation at the EU level
By mid-January 2020, the European Centre for Disease Prevention and Control (ECDC), an agency of the European Union, published its first risk assessment of the novel coronavirus that was detected in China’s Wuhan region in December 2019 (ECDC, 2020b). At that time, no cases of the virus were reported in the EU. The first cases in the EU were detected in France and Germany; by the time the World Health Organization (WHO) declared on 30 January 2020 that the outbreak of the novel coronavirus constituted a public health emergency of global concern (WHO, 2020b), several EU countries had reported cases. The trend in infection cases and deaths rose quickly through the months of February and March: on 11 March 2020, the WHO declared COVID-19 a global pandemic (WHO, 2020c). This prompted governments in the EU and across the world to institute public health measures and temporary policies, all of which have had socio-economic implications on livelihoods.

Initial responses to the COVID-19 situation were made both at the national and EU levels. To consolidate efforts, the EU rallied its members towards coordinated actions to save lives and protect their health and wellbeing. Largely, the EU’s response aimed to limit the spread of the virus; ensure the provision of medical equipment; promote research for treatments and vaccines; and support jobs, businesses, and the economy (European Council, 2020b).

Starting in late 2020, the main focus in the EU was on the roll-out of the vaccination campaign with a prioritisation of vulnerable groups. After this, starting in March 2021, the adult population was called to be vaccinated;
since summer 2021, children starting with those age 12 have been immunised. From August 2021 onwards, 70% of the adult population in the EU have been vaccinated. While caution remains and some restrictions are still in place, economic recovery has picked up speed.

3. Economic Impact of COVID-19 in the EU, France, and Germany

Impact on jobs

Measures to curb the pandemic at the initial stages included restrictions on social gatherings; in many cases, countries and cities imposed total lockdowns that shuttered almost all economic activities. Consequently, a great proportion of the populace experienced reduced working hours and many job losses were reported as employers and companies began to experience the economic brunt of the pandemic on their operations. Compared to previous years, unemployment rates in EU increased in 2020 and have been projected to range from as low as 2.7% (in Switzerland) to as high as 22.3% (in Greece). The EU unemployment rates were estimated at 7.2% in July 2020, rising from a low of 6.4% in March 2020. An interactive page created by the European Data Portal for COVID-19 based on data from the International Monetary Fund (IMF) projected that EU unemployment rates would remain amongst the highest in advanced countries even in 2021, but would see some reductions from 2020 figures, with Greece still recording the highest unemployment rate of 19% (European Data Portal, 2020).

Major job cuts were recorded in the transport and energy sectors, with giant EU industry players such as Airbus, Air France, Lufthansa, Tui, Scandinavia Airlines, Renault, and a host of energy sector employers across the region announcing big job cuts (Davies and Tidey, 2020). In France, for instance, Renault announced a 4,600-job cut, with an expected 15,000 job reductions globally. Similarly, Airbus revealed a plan to slash 5,100 jobs in Germany and 5,000 jobs in France due to delays in orders from airlines whose activities have largely been grounded because of the COVID-19 situation. Other large companies like Air France, Tui, and Lufthansa planned to reduce 7,500, 8,000, and 22,000 jobs, respectively. These phenomenal disruptions in the labour economy called for interventions from governments.

The pandemic also led to changes in work-life situation, as working from home, teleworking, and e-services have grown, especially in the peak period, where stringent restrictions were placed on the movement of people. An e-survey conducted by Eurofound entitled Living, Working and COVID-19 provides a glimpse of the impact of the pandemic on working lives within the EU (Eurofound, 2020).

Figure 4.1 shows the percentage of survey respondents who indicated that they started working from home due to the COVID-19 pandemic. As many as 65% of workers in some EU countries like Finland and Belgium had to work from home as a result of the pandemic. Germany and France also had 35%–40% of workers working from home.

From April 2021 onwards, with immunisation rates rising, test stations being implemented, and cases decreasing, many workers could return to their offices. Precaution remains in place, such as keeping distance and wearing a face mask.

Impact on economic growth

The COVID-19 pandemic has taken a great toll on most EU economic sectors, including agriculture, manufacturing, and tourism. Save for four countries that
experienced stable or expanded economic yields, the EU recorded contracted economic outputs according to the European Economic Forecast (Summer 2020) conducted by the European Commission (European Commission, 2020b). In the first quarter of 2020, the EU’s gross domestic product (GDP) contracted by an average of 3.2% compared to the last quarter of 2019.

France and Germany recorded negative growth of -5% and -2.2%, respectively. These figures are projected to worsen by the end of 2020, with the EU’s GDP forecast to reduce by -8.3% compared to the previous year. It is also reported that losses in GDP correlated highly with reductions in employment rates, especially in EU regions which depend largely on tourism, a major sector massively hit by the pandemic (European Commission, 2020c). Projections by the Organisation for Economic Co-operation and Development (OECD), as depicted in Figure 4.2, also forecast contracted growth for the EU, Germany, and France in the first quarter of 2020.

Since the start of 2021, the contraction of GDP was milder than expected and falling numbers of new infections and hospitalisations have enabled EU Member States to reopen their economies. Thanks to the vaccination campaign, consumption has seen a considerable recovery, and tourism within the EU is beginning to recover. However, there are still temporary shortages of key components, e.g. semiconductors, and rising costs, which affect the manufacturing sector (European Commission 2021).

GDP in the EU is forecast to grow by 4.8% in 2021 and 4.5% in 2022 (European Commission 2021).
Figure 4.2 Economic Growth Forecasts in OECD Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Real GDP growth</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>World (^1)</td>
<td>2.9</td>
<td>2.4</td>
<td>-0.5</td>
<td>3.3</td>
</tr>
<tr>
<td>G20 (^2,3)</td>
<td>3.1</td>
<td>2.7</td>
<td>-0.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Australia</td>
<td>1.7</td>
<td>1.8</td>
<td>-0.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Canada</td>
<td>1.6</td>
<td>1.3</td>
<td>-0.3</td>
<td>1.9</td>
</tr>
<tr>
<td>Euro area</td>
<td>1.2</td>
<td>0.8</td>
<td>-0.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Germany</td>
<td>0.6</td>
<td>0.3</td>
<td>-0.1</td>
<td>0.9</td>
</tr>
<tr>
<td>France</td>
<td>1.3</td>
<td>0.9</td>
<td>-0.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Italy</td>
<td>0.2</td>
<td>0.0</td>
<td>-0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Japan</td>
<td>0.7</td>
<td>0.2</td>
<td>-0.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>2.0</td>
<td>2.0</td>
<td>-0.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Mexico</td>
<td>-0.1</td>
<td>0.7</td>
<td>-0.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.9</td>
<td>2.7</td>
<td>-0.3</td>
<td>3.3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1.4</td>
<td>0.8</td>
<td>-0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>United States</td>
<td>2.3</td>
<td>1.9</td>
<td>-0.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Argentina</td>
<td>-2.7</td>
<td>-2.0</td>
<td>-0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.1</td>
<td>1.7</td>
<td>0.0</td>
<td>1.8</td>
</tr>
<tr>
<td>China</td>
<td>6.1</td>
<td>4.9</td>
<td>-0.8</td>
<td>6.4</td>
</tr>
<tr>
<td>India (^1)</td>
<td>4.9</td>
<td>5.1</td>
<td>-1.1</td>
<td>5.6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.0</td>
<td>4.8</td>
<td>-0.2</td>
<td>5.1</td>
</tr>
<tr>
<td>Russia</td>
<td>1.0</td>
<td>1.2</td>
<td>-0.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>0.0</td>
<td>1.4</td>
<td>0.0</td>
<td>1.9</td>
</tr>
<tr>
<td>South Africa</td>
<td>0.3</td>
<td>0.6</td>
<td>-0.6</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: Projection based on information available up to February 28. Difference from November 2019 Economic Outlook in percentage points, based on rounded figures.

1. Aggregate using moving nominal GDP weights at purchasing power parities.
2. The European Union is a full member of G20, but the G20 aggregate only include countries that are also members in their own right.
3. Fiscal years, starting in April.

GDP = gross domestic product, EO = economic outlook, OECD = Organisation for Economic Co-operation and Development.

Impact on energy and environment

The COVID-19 pandemic has had an impact on energy investments in the EU as energy companies rescinded new investments because of declining demand (Eurelectric, 2020). In some EU countries, governments have had to institute a moratorium on bill payments since economic difficulties caused by the health crisis made it difficult for consumers to pay for energy. Though the EU considered its energy sector (considered as crucial for economic recovery) to be resilient even through the pandemic period, it acknowledges the potential detrimental impacts of COVID-19. The EU, through consultations with member states, drew conclusive statements on responses to the COVID-19 pandemic in its energy sector.
(European Council, 2020a). The statement emphasises that ‘the energy sector will require investments, particularly in energy efficiency (including renovation of buildings and heating and cooling systems), renewable energy (including offshore), integration of the energy systems, energy storage, electrification, cross-border interconnections and digitalisation as well as for completing key energy infrastructure projects that intend to help the EU achieve its energy policy and climate objectives’ (European Council, 2020a).

Regarding the environment, the European Space Agency (ESA) reported that there was reduction in nitrogen dioxide concentration over Europe in March 2020 compared to the same period in 2019 as depicted in Figure 4.3. Bigger cities such as Paris, Madrid, Barcelona, Milan, and Rome recorded the highest drop in nitrogen dioxide (ESA, 2020a). Apart from weather conditions, nitrogen dioxide, which has harmful impacts on human health, concentrates as the result of emissions from power plants, vehicles, and other industrial activities.

**Figure 4.3 Nitrogen Dioxide Concentration over Europe**

The phenomenon as presented by ESA suggests that there were reduced operations related to such activities within the EU, especially during the peak of the pandemic. Similar observations were made in other parts of the world, for example, in China, where nitrogen dioxide concentration over the country reduced significantly throughout the height of the pandemic when strict quarantine measures were imposed (ESA, 2020b).

4. Recovery Packages in the EU, France, and Germany

Green Recovery at the EU Level

The impacts of COVID-19 on global and national economies have been unprecedented and have transformed some well-performing economies to near collapse. Efforts to recover have been expressed in recovery packages, programmes, and plans carved by national and local governments. The extent to which these measures address the ailing economies whilst protecting climate gains remains a topic of discussion, especially as concerns grow over the potential damage any massive economic restructure requiring intensive infrastructural development could cause to the environment. This paper summarises the EU’s strategies and highlights key aspects of the plans intended to address climate concerns as it commits to ensuring that its economic recovery efforts do not harm its climate goals and objectives.

The EU’s recovery plan has comprehensive details, particularly on green transition investments, as well as measures targeted at supporting youth, protecting jobs, and modernising healthcare systems. Recovery efforts by the EU are combined into its traditional Multiannual Financial Framework (MFF) and a specific recovery effort under the theme Next Generation EU (NGEU). In this sense, the MFF and the NGEU will run concurrently starting from 2021 to 2027. A total budget estimated at €1.8 trillion is allocated to this course (European Council, 2020c). Figure 4.4 depicts the total budget estimates expected to help revitalise regions and sectors that are most hit by the crisis. According to the EU, both NGEU and MFF will help transform it through its major policies, particularly the European Green Deal, the digital revolution, and resilience.

Of interest in this paper are the recovery aspects that focus on helping achieve climate objectives. It is worth mentioning that explicit provisions are made by the EU to ensure that climate actions are mainstreamed in policies and programmes of Member States financed under the MFF and NGEU. These policies are expected to comply with EU’s objective of attaining climate neutrality by 2050 and achieving the Union’s new 2030 climate targets. To this end, this paper summarises the following features of EU’s MFF and NGEU:

- 30% of all expenditures from NGEU and MFF are to be allocated to climate actions
- Annual reporting on climate expenditure by the Commission
Figure 4.4 EU Recovery package estimates

<table>
<thead>
<tr>
<th>Recover Package (in Billion Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
</tr>
<tr>
<td>1,824.3</td>
</tr>
<tr>
<td>NGEU</td>
</tr>
<tr>
<td>750</td>
</tr>
<tr>
<td>MFF</td>
</tr>
<tr>
<td>1,074.3</td>
</tr>
</tbody>
</table>

MFF = Multiannual Financial Framework, NGEU = Next Generation European Union.

Source: Adapted from (European Council, 2020c).

- Programmes and projects carried out by Member States must:
  - Comply with EU climate neutrality by 2050
  - Contribute to achieving the EU’s new 2030 climate targets
  - Be consistent with Paris Agreement objectives
- Creation of a Just Transition Mechanism, including a Just Transition Fund to address socio-economic consequences of achieving climate neutrality. Full access to the Fund is, however, dependent on Members’ commitment to contributing to EU’s objective of achieving a climate-neutral EU by 2050.

The NGEU, which is in the form of grants and loans provided to Member States, comprises seven programme components addressing different sectors of the economy. Under one of these components, i.e. Recovery and Resilience Facility (RRF), Member States are required to prepare national recovery and resilience plans that include growth potential, job creation, and economic and social resilience actions, as well as initiatives and projects that effectively contribute to the green and digital transition (see Table 4.1).

The various components and programmes of the MFF and corresponding summary actions are shown in Table 4.2. The MFF also contains elements relating to sustainable development in sectors such as transport, energy, digital, agriculture, amongst others.

The EU also plans to continue supporting investments into large-scale projects such as the new European Space programme, as well as the International Thermonuclear Experimental Reactor (ITER). A total budget of €13.2 billion and €5 billion have been allocated to the aforementioned projects, respectively.
### Table 4.1 Components of the Next Generation European Union (NGEU)

<table>
<thead>
<tr>
<th>NGEU Components/Programmes</th>
<th>Total Budget (Billion Euro)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery and Resilience Facility (RRF)</td>
<td>672.5</td>
<td>89.7</td>
</tr>
<tr>
<td>• 360 - loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 312.5 - grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ReactEU</td>
<td>47.5</td>
<td>6.3</td>
</tr>
<tr>
<td>Horizon Europe</td>
<td>5</td>
<td>0.7</td>
</tr>
<tr>
<td>InvestEU</td>
<td>5.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Rural Development</td>
<td>7.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Just Transition Fund (JTF)</td>
<td>10</td>
<td>1.3</td>
</tr>
<tr>
<td>RescEU</td>
<td>1.9</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>750</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

NGEU = Next Generation European Union.
Source: Adapted from European Council, 2020c.

### Table 4.2 Components of the Multinational Financial Framework (MFF)

<table>
<thead>
<tr>
<th>MFF Components / Programmes</th>
<th>Total Budget (Billion Euro)</th>
<th>Percentage (%)</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Market, Innovation and Digital</td>
<td>132.781</td>
<td>12.4</td>
<td>Thermonuclear and Space programmes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reinforce EU’s Research, Science, and Innovation base</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mobilise public and private investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>High-performance and sustainable infrastructure in the transport, energy, and digital sectors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>High-performance computing, artificial intelligence, and cybersecurity</td>
</tr>
<tr>
<td>Cohesion, Resilience and Values</td>
<td>377.768</td>
<td>35.2</td>
<td>Foster convergence, support investment, job creation and growth. Reduce economic, social, and territorial disparities within Member States and across Europe</td>
</tr>
<tr>
<td>Natural Resources and Environment</td>
<td>356.374</td>
<td>33.2</td>
<td>Deliver added value through a modernised, sustainable agricultural, maritime and fisheries policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Advance climate action and promote environmental and biodiversity protection.</td>
</tr>
<tr>
<td>Migration and Border Management</td>
<td>22.671</td>
<td>2.1</td>
<td>Coordinated action at EU level for management of external borders, migration, and asylum</td>
</tr>
<tr>
<td>Security and Defence</td>
<td>13.185</td>
<td>1.2</td>
<td>Actions in relation to internal security, crisis response, and nuclear decommissioning</td>
</tr>
<tr>
<td>Neighbourhood and the World</td>
<td>98.419</td>
<td>9.2</td>
<td>Stronger coordination between external and internal policies including the following:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2030 Agenda for Sustainable Development, the Paris Climate Agreement, the EU Global Strategy, the European Consensus on Development, the European Neighbourhood Policy, Partnership Framework with third countries on migration</td>
</tr>
<tr>
<td>European Public Administration</td>
<td>73.102</td>
<td>6.8</td>
<td>Consolidate reforms and constantly improve efficiency and effectiveness of the European Public Administration</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,074.3</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

EU = European Union.
Source: Constructed based on (European Council, 2020c).
These projects aim at safeguarding the EU’s global and regional satellite navigation systems, which facilitate the observation of global phenomenon including conditions at sea, the atmosphere, and climate change (Salini, 2020). The MFF and the NGEU are expected to go through approval stages in the second half of 2020 until the beginning of implementation in January 2021. Figure 4.5 shows the timeline of approval process.

**Figure 4.5 Timeline in MFF and NGEU Approval**

- **May 2020**
  Commission proposal for the revised Multiannual Financial Framework 2014-2020 & 2021-2027 and Own Resources Decision + sectoral legislation

- **By July 2020**
  European Council; Political agreement on Multiannual Financial Framework 2014-2020 & 2021-2027 and Own Resources Decision

- **By summer 2020**
  European Parliament’s consultation on Own Resources Decision

- **Early autumn 2020**
  Adoption of the revised Multiannual Financial Framework 2014-2020 + corresponding sectoral legislation

- **October 2020**
  European Council

- **December 2020**
  Adoption of the revised Multiannual Financial Framework 2021-2027 (European Parliament’s consent)
  Adoption of the Own Resources Decision (Ratification by all Member States in line with their constitutional requirements)

- **January 2021**
  Multiannual Financial Framework 2021-2027 implementation starts


**Green Recovery in Germany**

Regarded as one of the best-performing and innovative economies in the world (Jamrisko and Lu, 2020), Germany has equally felt the economic burden from the COVID-19 pandemic. As mentioned previously, GDP in Germany suffered negative growth in the first quarter of 2020 as economic activities were extensively affected by COVID-19 restrictions. To save the economy and restore stability, German authorities outlined in June 2020 a comprehensive 2-year coronavirus economic recovery programme worth €130 billion to be rolled out in 2021 and 2022 (German Federal Ministry of Finance, 2020). The programme has three pillars in the form of: stimulus and crisis management package; future package; and international responsibility. This paper highlights the following measures which are directly linked to energy transition and climate policy.

- Government’s capping of renewables levy to 6.5ct/kWh in
2021 and 6ct/kWh in 2022 (€11 billion)

- Allocation of €2 billion for a programme to increase investments in new technologies by carmakers and suppliers

- Expand government’s share of the buyer’s premium for e-cars until the end of 2021

- Setting up additional €2.5 billion for expansion in e-car charging infrastructure and supporting research and development in electromobility and battery cell production

- Providing financial support for municipalities, including €2.5 billion for public transport

- Allocation of €1 billion each for modern shipping and aviation

- Additional €2 billion allocated to promoting energy-efficient modernisation of buildings

- Actions targeted at the conservation and sustainable management of forests (€700 million)

- Making available €7 billion to promote hydrogen technology and support programmes to set up hydrogen production in Germany, including in partner countries

Other specific measures relating to the conservation and preservation of the environment are captured in the country’s recovery plans. These include investments into sustainable mobility infrastructure, co-financing of energy transition research and innovation activities, incentives, and tax exemptions to promote the replacement of a conventionally fuelled vehicle fleet with climate- and environment-friendly electric vehicles. The plans also incorporate support for the electrification of the rail network and the rail system, as well as actions to promote a climate-friendly maritime sector.

### Green Recovery in France

In France, as in many other advanced economies, the COVID-19 pandemic daunted the economic prospects and slowed the growth of most economic sectors. Struggling to cope with the effects, France initially committed about €470 billion in public spending and loan guarantees to support the ailing economy (Braun, 2020). As part of these expenditures, €8 billion was allocated in the form of aid, investments, and loans for decarbonising the automotive industry and making it more competitive. A component of the stimulus is directed to boost local manufacturing of electric and hybrid cars and incentivise buyers towards lower-emissions models through increased subsidies. The government’s contribution towards people buying new electric cars would be increased to €7,000 from the current €6,000. Also, an allocation of €50 million was made to support road passenger transport, including coaches and buses. Other green measures included a bailout worth €7 billion for Air France, with the condition of cutting carbon emissions by half by 2030 (France Ministry of Finance and Economy, 2020).

In addition to the expenditures mentioned above, France has unveiled in September 2020 a medium- to long-term recovery plan estimated at €100 billion, which will span 2021 and 2022. The plan entails the following three pillars: greening the economy.
(estimated at €30 billion), promoting economic sovereignty and France’s competitiveness (at a cost of €34 billion), and funding ‘solidarity and skills’ through social expenses (with €36 billion) (Braun, 2020).

It is worth mentioning that cities in France supported sustainable mobility measures, especially during the peak of pandemic, whilst other regions have laid down plans to do same. For instance, the Île-de-France region, which hosts the capital Paris, promised financial support for an existing bike project consisting of a network of nine protected cycleways linking the centre of Paris with key suburbs (Reid, 2020). €300 million was expected to fund a mix of new infrastructure and temporary ‘corona cycleways’. Also, the region planned 650 kilometres of cycleways for the post-lockdown period.

5. Outlook and Expected Outcomes

As described in this paper, the COVID-19 pandemic in the EU seems not to be over yet and governments across the region will have to deal with economic downturns as the pandemic continues. The contractions in the economies are largely associated with disruptions in demand and supply chains caused by closure of manufacturing and retail outlets and shops during lockdown periods. Measures being taken by the EU and summarised in this paper are expected to yield some growth results, propelling the EU’s GDP to reach 5.8% growth in 2021. Support measures offered by EU members including France and Germany, aimed at assisting and preventing eventual collapse of sector activities, whilst protecting large firm employers who make enormous investments into the economy.

As seen in the EU, teleworking or working from home emerged as an important alternative that helped avoid job cuts in some instances. Teleworking helped avoid work-related trips during lockdown periods and contributed to averting pollution, as opinions have it that some cities experienced reductions in pollution during the lockdown periods (European Commission, 2020c). Despite the derived environmental benefits of teleworking, as have been shown in previous studies (Giovanis, 2018), there are concerns that the growth in teleworking could exacerbate inequalities in the labour economy since not all groups or categories of workers can have the opportunities to work from home, and might lose their positions as a result. For example, in the EU, there are reports that the feasibility of teleworking is greater for high-paid jobs and jobs in larger firms (European Commission, 2020c). It was estimated that only 20% of the employees in the retail, accommodation, and food sectors are able to work remotely, whilst there are higher possibilities (60% to 90%) for workers in sectors such as finance, insurance, information and communication, education, scientific and technical activities. For those who do not have the opportunity to telework, commuting meant that they had to use public transport systems, which were regarded as unsafe during the pandemic, or switch to private cars, which are also largely considered unsustainable. Such a divide in this new digital era presents challenges for policy makers and implementers to design innovative solutions to close any gaps thereof, whilst protecting the livelihoods of those in low-income brackets who are believed to have experienced greater economic impacts of the COVID-19 crisis (European Commission, 2020c).
The green recovery plans of Germany and France largely target the energy and the transport sectors. Considering that Germany has a vibrant automobile industry and a resilient renewable energy system, the recovery package as proposed by the German government constitutes a great effort to prevent a relapse in previous achievements made in the promotion of cleaner automobiles and expansions in the country’s renewable power capacity. The government’s recovery policy on capping renewables levy is intended to lessen the burden on renewable power consumers and facilitate expansion plans for renewable power generation. An assessment of the government’s recovery plan points out that the plan can support municipalities in upgrading local public transport by promoting the rollout of e-buses and green innovations in bus and rail transport, and providing co-funding for the expansion of local bicycle infrastructure, including parking facilities (Oeko-Institut, 2020). Whilst investments in the automobile industry as proposed in the recovery plans aim at promoting electric and hybrid cars and incentivising purchases, the support for public transport operations, which were badly affected during the pandemic, consolidates the gains by promoting sustainable transport systems.

In France, investments proposed for green transport, including hydrogen as well as energy-efficient buildings, will revitalise jobs in these sectors and complement other government initiatives that address unemployment, training, and broader social initiatives. Such huge investments as detailed in economic recovery plans, will drive the country’s transformation towards a green economy.
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