

# SECTOR-BASED RECOVERY PLANS IN THE WAKE OF THE COVID-19 CRISIS

June 2020

*Since May 11, 2020, a plan to gradually ease the lockdown has been underway in France. It will span several months. From an economic perspective, its purpose is to enable **businesses to recover fully and quickly while retaining their employees and skills** in the long term, despite the unprecedented health crisis caused by Covid-19.*

Following on from the **economic emergency plan launched in March 2020 to support and assist businesses and employees impacted by the pandemic** (€110 billion in direct aid to businesses and €315 billion in guarantees granted to businesses by the State), the government is preparing to launch a second phase of support for the economy with its **global recovery plan**, which will be rolled out at the start of the academic year and will focus chiefly on:

- Business investment.
- Mechanisms to support demand.
- European coordination.
- Speeding up the decarbonization of the French economy.

The Covid-19 crisis has highlighted the **strong interdependence of globalized economies**, both in Europe and elsewhere, as well as the vulnerability of certain strategic value and supply chains. **The government is therefore leading discussions to make the country's productive "independence" a key component of the upcoming economic recovery plan.** Similar discussions are underway at European Union level and in many countries affected by the crisis.

This has also prompted a desire to make France more competitive and attractive, so as to entice and retain more production investment. The **pro-business intentions behind the reforms introduced over the last three years** to transform France's economic and social model, not to mention **the recent Productive Pact project**, were consistent with this dynamic and have given France the means to kick-start the economy once again.

**Foreign companies and their establishments in France will play an important role in this plan to consolidate** the building blocks of the country's manufacturing industries, in all sectors.

**The economic recovery plan currently being developed is supplemented by specific plans for the business sectors** most affected by the crisis and/or those on the front line, so as to secure value and supply chains in strategic industries. **These sector-based plans will be announced and implemented based on a timetable that will run from May until the autumn of 2020** (main sectors targeted: tourism, automotive, tech, aerospace, healthcare, etc.). The initial measures launched will be incorporated into a newly amended French government budget bill presented to the Council of Ministers on June 10, 2020.

**At European Union level**, on May 27, 2020 the European Commission put forward a draft economic recovery plan dubbed "EU Next Generation". It has two main components: a **new multi-annual financial framework for 2021-2027** (€1.1 trillion) and a €750 billion recovery plan (€500 billion in subsidies redistributed through the European budget and €250 billion in the form of loans). For the first time, the Commission will be borrowing via the financial markets. This plan has yet to be ratified by the European Parliament and the Council of the European Union.

## TOURISM

On **May 14, 2020**, the Prime Minister announced the launch of an [interministerial support plan for the tourism sector](#). Developed by the Interministerial Committee for Tourism, a body representing all stakeholders involved in tourism in France (local elected officials, trade unions, businesses, operators and members of the government), the plan comes in response to a health crisis that has severely impacted the tourism sector.

It will be **followed, in the autumn of 2020, by a [contract for the recovery and transformation of tourism](#)**, built on jointly-drafted **sector-based road maps** that will be published in **July 2020**. The aim will be to provide a longer-term response to the new challenges facing the sector, whether it be in terms of competitiveness, employment, training, digitalization or its sustainable transformation.

The government is also making every effort to ensure that tourism is fully taken into account in the **European Union recovery plan currently being defined**.

### 1/ The main support measures available to businesses involved in tourism and sporting or cultural events, allowing them to shift from emergency to recovery, include:

*The introduction of a government-backed “season” loan:* Its terms will be more generous than those of the [standard government-backed loan](#) (PGE), with a higher cap (the loan is currently capped at 25% of 2019 revenue, but the cap for the “season” loan will be increased to take into account revenue over the **three highest-earning months of 2019**, which makes a big difference to companies whose business is seasonal).

*Extension of the Solidarity Fund beyond May:* The [“Solidarity Fund”](#) will be available to companies in the hospitality, tourism, events, sports and **cultural sectors until the end of 2020**, even after business has resumed. Access to the fund will be **extended to larger companies** (up to 20 employees and up to €2 million in turnover) and firms may now be entitled to receive aid of **up to €10,000**.

#### *Reinforcement of the investment plan for the sector:*

- The [tourism loan](#) scheme run by Bpifrance will be reinforced and will now total **€1 billion**.
- Approximately **€600 million** from the Caisse des Dépôts et Consignations Group (Bpifrance, Banque des Territoires, La Banque Postale) will be made available in the form of **short and long-term loans**.
- Caisse des Dépôts et Consignations and Bpifrance will invest more than **€1.3 billion in equity capital** within the tourism sector, **with an expected investment impact of €6.7 billion**.

*Extension of the furlough scheme:* Businesses operating in the tourism and events sectors will be able to take advantage of the government furlough scheme under the same terms as in the spring of 2020 **until the end of September 2020**. **Beyond this period**, the furlough scheme will remain **available** to firms if their business recovers only gradually, under terms that will be revised where necessary.

*Exemption from social security contributions for micro-enterprises and SMEs:* **Micro-enterprises and SMEs** will be exempted from paying social security contributions while they are closed or experiencing a significant loss of business and **from March to June at the very least**, amounting to an estimated €2.2 billion.

*Possible reduction of tourist tax and corporate property contribution (CFE) by local authorities:* Local authorities that wish to do so may reduce the **corporate property contribution** for tourism businesses by two-thirds. The government will fund half of the total cost of the scheme. They will also be able to **reduce the tourist tax** on tourist accommodation.

*Deferral of loan repayments:* Banks will allow the sector’s SMEs to defer loan repayments for **up to 12 months** (instead of up to six months at present).

*Cancellation of rents and fees for the use of public spaces:* Rents and fees for the use of public spaces payable to French landlords (government and operators) will be cancelled for **micro-enterprises and SMEs** involved in tourism and sporting events **throughout the period for which they are kept closed by the government.**

*Simplified recruitment of seasonal workers for summer 2020:* Early launch of the **business guidance platform for the tourism sector in mid-June**, allowing firms to recruit staff more easily during the current health crisis. Around fifteen priority business areas have been identified.

*A digital one-stop shop has been set up to simplify and speed up access to government support mechanisms for cafés, hotels, restaurants and companies in the tourism, events, cultural and sports sectors:* [www.plan-tourisme.fr](http://www.plan-tourisme.fr).

This digital service presents the various schemes available and directs users to the platforms and points of contact that will enable them to undertake the necessary procedures.

## 2/ Timetable for the reopening of tourist sites and applicable health measures

**Hotels and individual accommodation providers** have not been subject to nationwide government closures and have gradually increased their business volumes since travel restrictions were lifted on May 11, 2020.

**Cafés, bars and restaurants** have been reopening since June 2, 2020 under sanitary conditions approved by the authorities, with temporary restrictions remaining in Ile de France (Paris region), French Guiana and Mayotte, where only terraces can reopen subject to certain urban planning measures (use of car parking spaces, etc.).

The recovery of **other sectors** will be planned according to changes in the public health situation and based on a coherent overall plan covering all the sectors that remain closed.

The [“national deconfinement protocol”](#) published by the Ministry for Labour now features additional sector-specific health protocols tailored to the tourism sector, which have been drafted in consultation with trade federations and trade unions within each segment of the industry, in the form of [business fact sheets](#).

The number of health protocols published and their content is not fixed and will evolve with changes in the timetable and procedures for the resumption of business activities. They will take into account the **new health advice** that will be published in the coming weeks, which will supplement and clarify the recommendations in force.

Finally, the public health measures France has adopted are part of the **global policy being implemented at European and international level.**

## 3/ As regards the movement of people, the situation is currently as follows, pending the decisions that are expected to be made at European level in mid-June:

The external borders of the European Union, the Schengen area and the United Kingdom have been closed since March 17, 2020 and will remain so until further notice.

The closure of external borders means that citizens of non-member states cannot enter France until **June 15, 2020 at the earliest**, subject to exceptions. **France has suspended the issuance of visas until further notice.**

Since April 8, 2020, and in view of the restrictions on access to mainland France and its overseas territories, **any traveler authorized to enter French territory must be in possession of an [“International travel certificate to France”](#)**. This exemption certificate does not allow tourist travel.

## AUTOMOTIVE SECTOR

**On May 26, 2020, the French President announced a “vast” plan to support the revival of the automotive sector, so as to decarbonize the industry and make it more competitive.** The plan provides for €8 billion in the form of aid, loans and investments to offer immediate support for supply and demand in France.

The plan is structured around three specific action areas to support individuals and businesses alike:

### *1/ Renewing France’s car population, with a focus on clean vehicles:*

- **Electric vehicles\***: An increase in the environmental bonus for private individuals who purchase an electric vehicle from €6,000 to €7,000, and a new €5,000 bonus for company fleets (purchase of a vehicle valued up to €45,000).
- **Hybrid vehicles\***: New €2,000 bonus for the purchase of a plug-in hybrid vehicle (vehicles valued up to €50,000).
- Scrappage bonus of €3,000 for low-income households that purchase a **conventional vehicle** and €5,000 for an **electric or plug-in hybrid vehicle\***.
- Public-sector buyers, including the government, will **renew their vehicle fleets more swiftly**. Target set by the government: 50% of vehicles purchased by public-sector buyers to be electric, hybrid or hydrogen powered.
- A speedier roll-out of **vehicle charging stations**. Target: 100,000 charging stations by 2021 (initially 2022).
- Introduction by local authorities of benefits for the use of vehicles in zero-emission electric mode (free public parking, use of reserved lanes, etc.).

**Total government funding for these measures over 2020: €1.335 billion.**

*\*: From June 1 until the end of 2020*

### *2/ Investment and innovation to produce the vehicles of the future*

- Creation of a €1.5 billion **fund for the future of the automotive sector** to modernize and digitalize production lines and support the sector’s ecological transition and innovation:
  - €600 million in equity investments to consolidate the sector (automotive subcontractors)
  - €200 million for the modernization (factory 4.0) and decarbonization of production facilities
  - €150 million in aid for R&D and innovation in the sector

### *3/ Supporting struggling businesses and protecting workforces*

- Deployment of a **vast skills development plan**, relaxing and widening existing mechanisms (FNE-Formation, CPF, pooled training funds).
- An **emergency plan** will shortly be put in place to significantly reduce the cost of hiring a young person on a work-study program and to stabilize the ability level of work-study trainees within the industry.

**This support plan is part of a collective commitment by businesses in the French automotive sector (automakers and major equipment manufacturers alike) to address a number of priorities:**

- Reinforce the sector’s strategy regarding the **environmental transition** and the attainment of European targets to **reduce CO<sub>2</sub> emissions**. By 2025, production of electric, plug-in hybrid and hybrid vehicles will be increased to **one million units**.

- Signature of a **new charter** by the sector's stakeholders, to establish stronger foundations for a balanced relationship between **instructing parties and subcontractors**.
- Pursuit of the **strategy of setting up high value-added research and production activities in France**: Over the next three years, **€1 billion will be invested in France by major equipment manufacturers** involved in energy transition technologies (batteries, electric powertrains, hydrogen technologies).

## TECH & STARTUPS

**On June 5, 2020, the French government announced a [“tech” economic support plan](#) for technology businesses and startups.**

The “tech” plan, which will be financed primarily by the government’s “National Investment Program”, is structured around five areas broken down into a range of measures. These will take the form of investments, loans and aid allowing entrepreneurs and technology businesses to continue to start up, grow and innovate.

### *1/ Launch of the “French Tech Sovereignty” sovereign investment fund to support businesses developing the home-grown technologies of the future*

Run by Bpifrance, this new investment vehicle now has an **initial budget of €150 million** to support tech businesses and French technological self-sufficiency. This budget may be increased in 2021 and could reach up to €500 million depending on requirements.

### *2/ Funding support for technology businesses*

- **Cash flow support:** Additional support of €80 million from the French Tech Bridge Fund (created in April 2020) to finance the bridging of two fundraising operations, as well as the launch of a loan scheme worth a total of €100 million.
- **A €120 million replenishment of the “Major Innovation Support Program” investment fund**, which was created in 2017 to support new startups that have won the Global Innovation Competition.
- **Reinforcement of innovation support mechanisms:** Extension of the i-Nov innovation competition, with an additional allocation of €20 million, and launch of a new wave of AI Challenges funded to the tune of €15 million.

### *3/ Support for the emergence of a new breeding ground for startups:*

New support measures enabling technology projects to incubate and mature are being deployed in line with the Deep Tech plan (Bpifrance):

- Release of a **third tranche of financing worth €65 million for technology transfer acceleration companies.**
- Launch of a **second call for projects backed by €15 million in funding** for specialist programs that support **deep tech entrepreneurship**, in addition to the creation of the €100 million **French Tech Acceleration no. 2** investment fund.

### *4/ Launch of a call for contributions to identify the barriers to be lifted to speed up the digitalization of society and the economy*

On June 5, 2020, Cédric O, the Minister of State for Digital Affairs, launched a wide call for contributions from businesses and the general public to **identify new measures and the existing measures to be maintained to allow the uses of digital technology to be developed more swiftly.**

The consultation will be launched in June and will run until July 31, 2020. All proposals will be examined and may feed into a **bill presented to parliament before the end of 2020** for the purpose of restarting the economy.

### *5/ Support for recruitment through information campaigns*

- An **online content platform** presenting the tech professions and an advertising campaign on **job opportunities in French Tech** will be launched in the summer of 2020.

- Half of the 2020 French Tech Community Fund (€1 million) will be devoted to **financing local initiatives, with a focus on careers and professional opportunities in French Tech** and with a particular emphasis on projects aimed at audiences that lack representation in this ecosystem.

The call for proposals will be launched in July 2020.

### **This support plan follows on from the €4 billion emergency plan rolled out in April 2020 aimed at startups impacted by the health crisis. It includes:**

- **The creation of the “French Tech Bridge”**, funded by the “National Investment Program” and managed by Bpifrance, to finance the bridging of two fundraising rounds for startups that were in the process of raising funds or which had planned to do so in the coming months (initial budget of €80 million).

- **Swifter payment by the government of company tax credits due in 2020**, including the research tax credit for 2019 and VAT credits. The government also plans to speed up the **payment of “National Investment Program” innovation aid**, amounting to an estimated €250 million.

- Through Bpifrance, the government is also maintaining its support for innovative businesses, with close to **€1.3 billion in innovation aid planned for 2020**.

## ECOLOGICAL TRANSITION OF MICRO-ENTERPRISES/SMEs

On June 5, 2020, the **Ministry for the Ecological and Inclusive Transition, in conjunction with the French Environment and Energy Management Agency (ADEME) and Bpifrance, launched a plan to speed up the ecological transition of micro-enterprises and SMEs.** This government plan features several tangible measures to assess, finance and support the transformation of these businesses and build an inclusive, sustainable economy.

### 1/ Launch of an initiative by entrepreneurs committed to the climate

*The green cockerel emblem* will be the symbol of collaboration between entrepreneurs committed to the climate. They will be bona fide ambassadors of the ecological transition and will be encouraged to promote this commitment to their peers.

In particular, this will allow more investment to be channeled towards the ecological transition.

### 2/ Launch of an ecological and energy transition self-assessment tool, the “Climatometer”

*This new free online tool* will allow company directors of micro-enterprises and SMEs to perform a **self-assessment** of their company’s commitment to the ecological and energy transition. Following this review, they will be able to access personalized recommendations and additional resources, such as online training, as well as specific financing products.

### 3/ Launch of the “DIAG ECO-FLUX” scheme

*DIAG ECO-FLUX:* Launched by the French Environment and Energy Management Agency (ADEME) and Bpifrance to give industrial SMEs, catering firms, hotels, accommodation providers and trade businesses access to **the expertise of flow optimization consultants** (materials, waste, water) to identify tangible and measurable sources of savings.

The service will be rolled out with the support of the Bpifrance network and will be charged for at a special rate of **€1,000 in 2020 and 2021 for business sites with 20-49 employees, and €1,500 for sites with 50-250 employees.** Available from June 16, 2020 on [www.diagecoflux.bpifrance.fr](http://www.diagecoflux.bpifrance.fr)

### 4/ A new ADEME-Bpifrance green loan

Financing of actions recommended by the **DIAG ECO-FLUX scheme and other projects supported by the ADEME:** Co-financing for the projects of micro-enterprises, SMEs and mid-size companies when these are geared towards **reducing the environmental impact** of their processes, as well as those that promote **“zero carbon” mobility** for their employees.

*Loan characteristics:* A maximum of €1 million and a duration of up to 10 years (with a maximum repayment deferral period of two years). Total financing is expected to reach more than €100 million.

### 5/ Energy savings loans

*Financing and duration:* Granted by Bpifrance, this loan facility was created to **finance any equipment eligible for France’s energy savings certificates** in the “tertiary building” and “industry” sectors, up to a sum of €500,000. The duration of the loan is three to seven years and the repayment deferral period can reach a maximum of two years.

## 6/ Deployment of a transition accelerator

*This new accelerator, backed by Bpifrance and the ADEME, was created to help businesses in all sectors to carry out low-carbon transition projects:* Company directors who receive this support will be trained in the *Assessing Low Carbon Transition (ACT)* method, enabling them to promote low-carbon transition projects, while securing their firm's growth. The purpose is to allow businesses to undergo an efficient, but above all harmless, transition.

## 7/ A new call for projects on the use of recycled plastics

*ORPLAST call for projects:* With a budget of between €15 million and €30 million, this call for projects will **support the use of recycled raw materials in manufacturing** to help achieve the objective of recycling 100% of the plastics used in France by 2025.

The companies targeted are SMEs that produce and process plastics. This call for projects will extend to SMEs specializing in recycled wood, cement and metals. It will be broken down into regional calls for projects, which will be held between July and December 2020.

## 8/ Promotion of the “Businesses committed to nature / Act4Nature France” scheme for SMEs

*Scope of the initiative:* Under the impetus of the French Office for Biodiversity (OFB) and in conjunction with business networks, environmental associations and scientific partners, this initiative will lead to **the signature of 10 common principles to support the ecological transition and a low-carbon strategy for willing businesses**. These firms will then have one year to formulate an action plan.

## AEROSPACE

**On June 9, 2020, the government announced a [vast plan](#) to provide the aerospace sector with €15 billion in support in the form of aid, investment, loans and guarantees.** This sector-based plan is part of the government's overall program to speed up the decarbonization and ecological transition of industry during the economic recovery.

The plan is structured around three action areas:

### *1/ Supporting demand and the replacement of fleets with greener aircraft*

- **Adjustment of financial support schemes for exports:** Bpifrance will be ramping up its support for the sector's exports via the government's credit insurance scheme.
- Setup of a 12-month **moratorium on principal repayments for export loans** granted to airlines, starting from the end of March 2020.
- Proposal, at OECD level, of **temporary flexible payment terms for acquisitions of new aircraft.**
- **Government orders for aircraft, helicopters and military drones totaling €832 million** will be placed earlier than originally planned to immediately support jobs in SMEs and mid-size companies.

### *2/ Support the supply side, consolidate the sector and boost investment to improve competitiveness*

- **Creation of an aerospace investment fund** to provide the industry with equity capital support and thus preserve critical know-how and improve the competitiveness of SMEs and mid-size companies in the French aerospace sector. The target will be to raise a total of €1 billion (in debt and equity capital) to support the aerospace sector, with an initial round of fundraising to generate €500 million in capital, which will be available from July 2020. The main subscribers will be the French government via Bpifrance (€200m), Airbus (€116m), Safran (€58m), Dassault (€13m) and Thales (€13m).
- **Creation of a government fund to support the diversification, modernization and environmental transformation of processes.** The support available will take the form of consulting services to help business leaders to identify ways of diversifying and/or upgrading production facilities to factory 4.0 (digitalization, robotization, etc.), as well as direct subsidies to support investment, research and development projects to modernize the industry.

Total government funding: €300 million over three years.

### *3/ Investment enabling tomorrow's aircraft to be designed and manufactured in France*

- **Greater government support for R&D spending** to make France one of the global leaders in green aircraft technologies. Total government funding of €1.5 billion over the next three years.

**This support plan is part of the commitment made by all aerospace players to address a number of priorities:**

- Reinforcing the strategy developed by the sector to embrace the **environmental transition** and the **decarbonization of air transport** by increasing government support for R&D and future technologies.
- Signature of a **commitment charter to structure relations between the sector's instructing parties and subcontractors.** The commitments made will be regularly monitored in conjunction with the business ombudsman and the French Aerospace Industries Group (GIFAS).