



Erasmus+



**LOCAL SOLUTIONS FOR GLOBAL CHALLENGES**

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# ECONOMY AND PANDEMIC

# SUMMARY

The pandemic is changing the world economy, and it impacts also the stock markets.

The FTSE, Dow Jones Industrial Average and the Nikkei all saw huge falls as the number of Covid-19 cases grew in the first months of the crisis. Many people lost their jobs or saw their income cut. The Monetary Fund signals the end of a decade of business expansion. In many countries the number of new job opportunities is still very low. The IMF estimates that the global economy shrunk by 4.4% in 2020.

The finality of these interviews is to know what impact the pandemic has generated in the local job market.



About 30 per cent of Italy's population have suffered a fall in their household income as a result of measures taken to contain the virus, recent research by the Bank of Italy found.

The worst affected are those living in the country's south those living on the outskirts of cities and in rural areas. According the local Camera the economic consequences of this situation could last for several years, especially in the south of Italy.

# Palermo

# The interviews

## **Traders and entrepreneurs strike against restrictive measures - PA-LIVE source**

“The pandemic generated several impacts on the local commerce. The most important impact is represented by 80.000 companies at risk of closure with the lost revenue for all sectors.

The most affected areas were the sporting organisation, and in general all entrepreneurs that have changed their job to offer services at the new pandemic status.

We hadn't any preparation and organisation to strengthen the pandemic situation. The closure of the activity was a necessity to reduce the level of dissemination of the pandemic at the local level. Now, we have the vaccine, and it is more simple to manage the opening of the commercial activity than one year ago.

Economic support was equilibrated looking at the real exigences and problems of traders and entrepreneurs. The national government and the regional governors supported immediately the exigences coming from the population giving contributes and helps.”

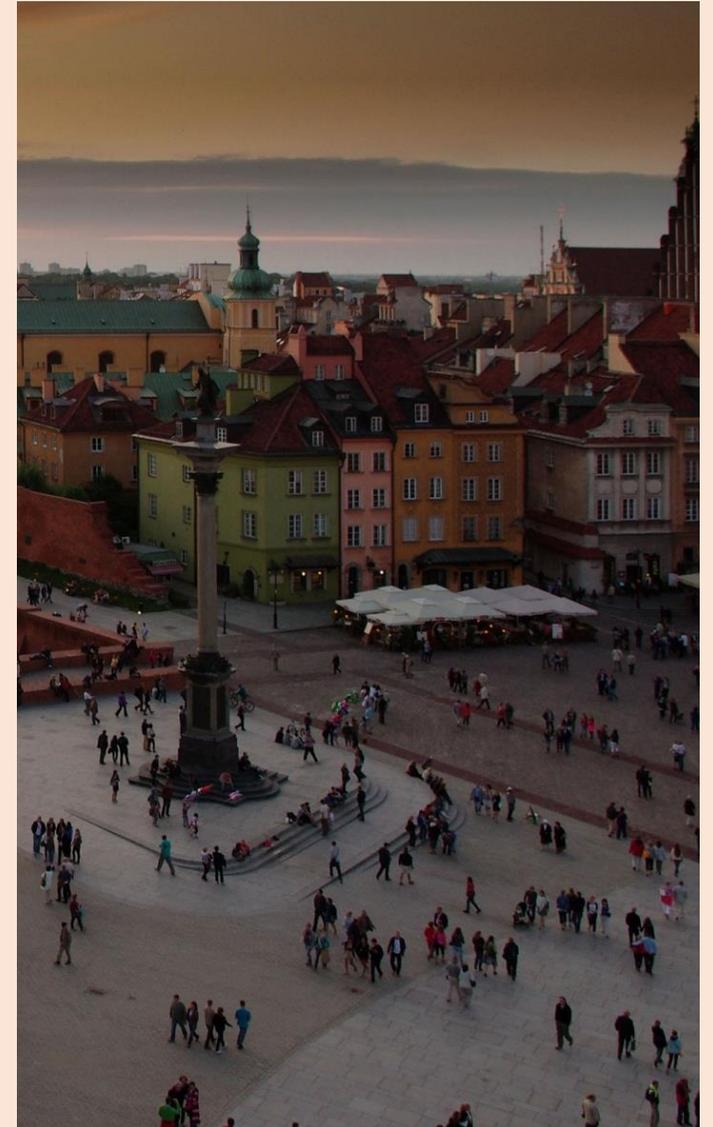
# PORTUGAL

- In Portugal, the impact on local commerce was big because commerce and services were forced to close during the two lockdowns, which made it impossible to have a normal economic activity. The only option was to sell online, for those who could do so.
- The financial support of local authorities or the government as well as the moratoriums and the postponement of deadlines concerning tax obligations allowed companies to minimize expenses and maintain salary payments and jobs.
- The crisis caused by COVID19 will force many business owners to rethink their business plans, especially in terms of expansion and growth. The focus will be the maintenance of their activity. Unfortunately, this crisis will also be the end of the business for many people. The best advice is to create several alternatives to develop their activity, namely, to invest in digital/online commerce and in the digitalisation of their business at various levels. This will allow business owners not only to keep the business running but also to broaden horizons to reach a wider range of potential clients and consumers.



# POLAND

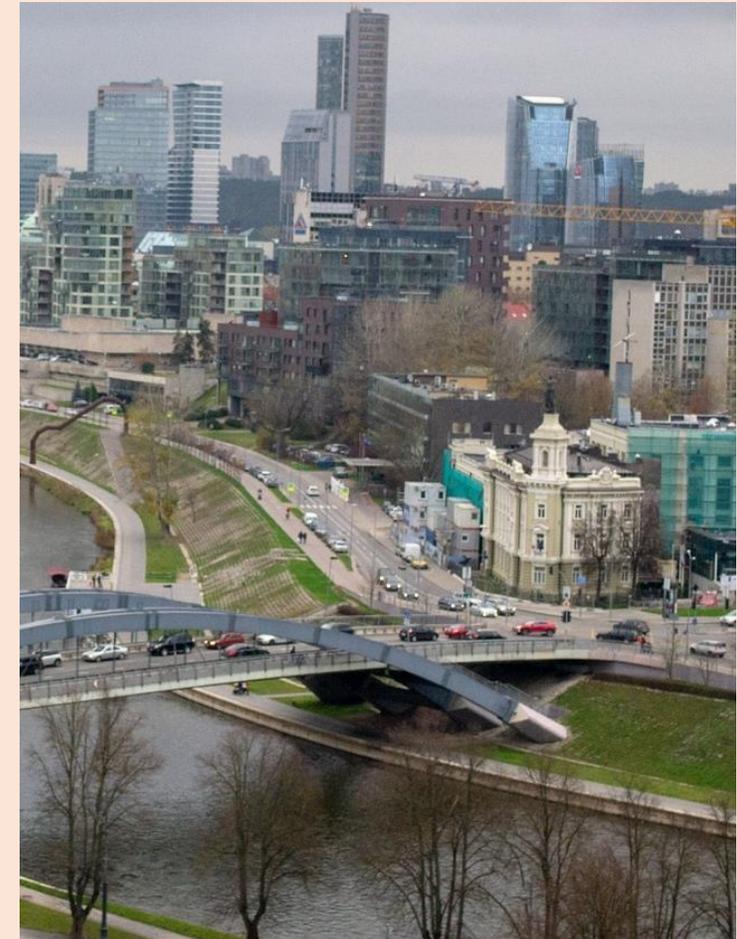
- Poland's economy is less affected by the pandemic and is recovering quicker from it. Small wonder German firms seek to tap into this growth potential, and aiming to profit from Poland's economic transformation ahead. Economy Minister Jaroslaw Gowin has told the German business daily Handelsblatt recently: "Many Polish companies have used the pandemic to reorganize themselves, digitize more and step in where other supply chains have been torn down." Covid 19 had severe impact on the majority of local businesses, forcing them to quickly find a way to comply with implemented restrictions and at the same time, allow them to keep the business running. Depending on the branch, some had more difficulties than others and all were at some point struggling to stay afloat.
- Support offered by local or central government ranged from tax exemptions to actual financial support based on application to the special programs. But Not all businesses were eligible for all kinds of such support.



# VILNIUS (LITHUANIA).

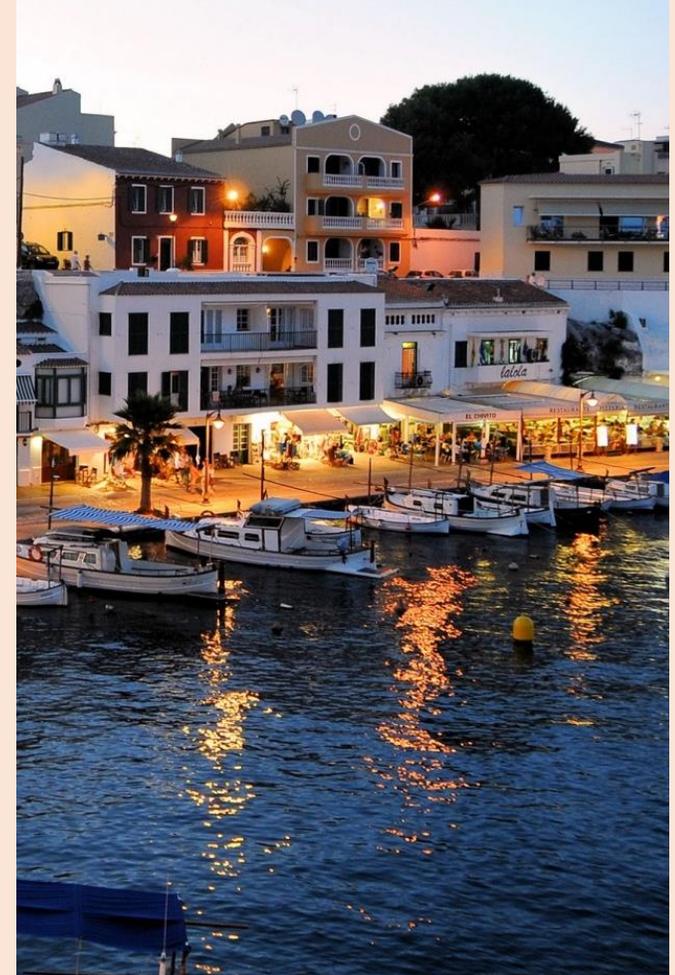
Interview with Mr. Bogdan Trafimov, member of the local Chamber.

The coronavirus pandemic has affected all sectors of the business to varying degrees. Many employees have been able to adapt to remote work using video communication services and other technological solutions. Covid-19 has had a serious impact on Lithuanian companies: almost 87% of companies have suffered the negative effects, in fact, incomes have decreased. In Lithuania, the sectors most affected by the virus were the cultural and artistic sectors, but also the travel, health and social sectors. In the first wave of coronavirus, companies weren't as prepared as they are now, circumstances forced them to adapt quickly if they wanted to survive. The government has helped and helps companies with financial support, self-employed workers enrolled in the Employment Service receive an allowance of € 257 and workers have a minimum wage set by the government. Hopefully, the vaccination goes well so that you can return to normal life. Companies are advised to promote their services on social media, through advertisements and announcements, to be open to the public and communicate with them the challenge you are facing and that your business needs support.



# INCA (BALEARIC ISLANDS)

The Spanish economy shrank by 11% in 2020, nothing like that happened in the Spanish Civil War in the late 1930s. This grim figure is a replica of the restrictions imposed last year, particularly the 94 days of quarantine that nearly stopped the economy. Although there was some recovery in the second half of the year, it was not enough to compensate for the damage. Production grew by a historic 16.4%, but the second and third waves of the pandemic reduced this growth to 0.4%. This growth has saved the economy from a full blown recession, but while more optimistic forecasts say Spain will return to pre-pandemic levels at the end of 2022, most experts believe the summer of 2023 is a date. more realistic. The Spanish government, led by a center-left coalition of the Socialist Party (PSOE) and Unidas Podemos, had estimated a GDP contraction of 11.2% in 2020. and now expects a 7.2% rebound in 2021. Spain will be able to successfully manage and by investing the nearly 30 billion euros in reconstruction aid that the European Union is aiming for this year, the economy could grow up to 9.8%.

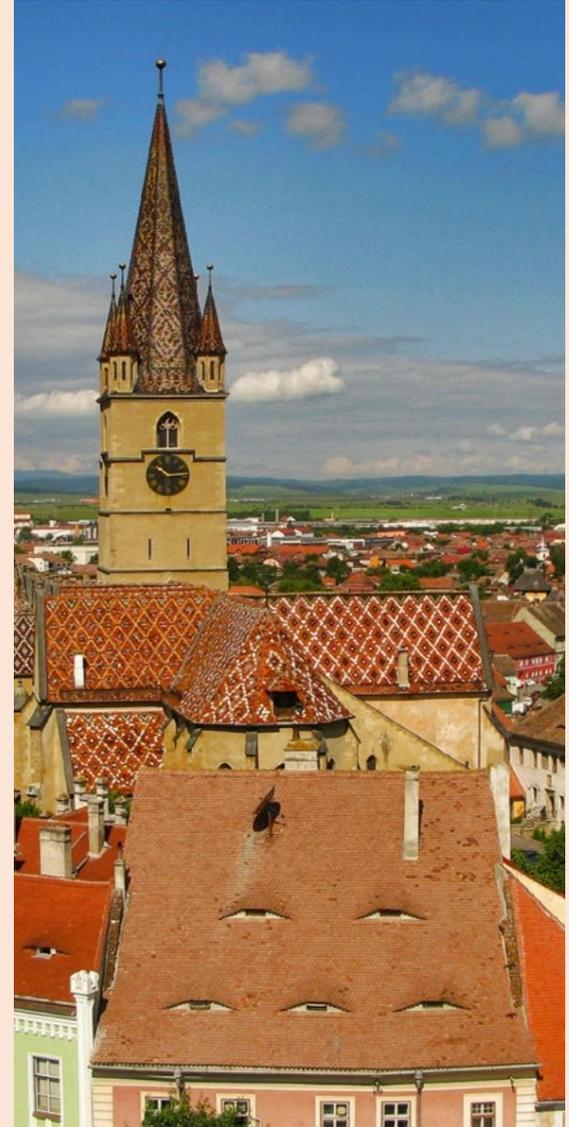


# ROMANIA

The economic impact of the coronavirus crisis is felt different from one industrial sector to another and from one enterprise to another. The most affected local economic sector by the pandemic is tourism.

However, at the end of April 2021, the vaccination rate on Vâlcea county is 25% of the population and this is a good sign for the local businesses.

A few companies have pledged to allow virtual working to continue post-pandemic, most are gearing up for a hybrid model, with people working from home maybe half the time, and careful consideration being given to get the most out of their time together in the office. There have been obvious changes in consumer behavior since the pandemic started, and while some are clearly temporary, others are likely to endure because they are efficient. The crisis has imposed a sudden and new lifestyle in the world. As for local businesses, the lockdown revealed new priorities, capabilities and perspectives. Let's say that on February 1, 2021, the first cooperation agreement between the European Investment Bank Group and Deutsche Leasing Romania released € 370 million in loans to the private sector, to support small and medium-sized enterprises throughout Romania hit by the pandemic. The initiative, backed by a guarantee from the European Fund, aims to increase funding for investments in agriculture and equipment, support borrowers in rural areas and less developed regions and provide an alternative tool for capital management. The initiative aims to strengthen the resilience of Romanian companies to the economic, social and health impacts of the coronavirus pandemic.



# PORTUGAL

## LIFE IN A BAG

By prof. Teresa Lessa Santos

Life in a Bag is a company opened in April 2014, which produces combine design and sustainability and allows you to create an indoor garden of herbs and edible flowers.

The company focuses in the manufacturing and the sale of ecological products.

Its business wasn't affected by the coronavirus pandemic, it only grew thanks to it. Not all the companies were affected in the same way.

## PÃO DE LÓ BURGUEÊS

It is a small pastry company started in 2020 which produces a well-loved Portuguese traditional product with a twist. It operates in the food and catering business. They accused a great loss in their profits because of the pandemic.

## MEIA DUZIA

The company, created in 2012, produces jams in aluminium tubes made with Portuguese fruits and other ingredients like port and Madeira wines. The original packaging keeps the freshness of the jam.

This company operates in the food business. The pandemic affected deeply their business, with revenue losses over 90%, forced to close three of their shops.



# POLAND

## ALTA

The main goal of this enterprise is connected with the retail trade in the chain of self-service shops. Additional business activities include butchery selling and cooked meals such as dumplings or roasted pancakes. Because of the pandemic, there was a 40% decrease in the hotel and restaurant business



# INTERVIEWS

## AMALA VEGAN FABRIKA

this company was created in 2018 and it has its business in vegan products sector.

the Pandemic **influenced** the business, all the stores were closed since the lock down, except the online stores which received more profit. they had a support by the local government, but it wasn't enough to pay salaries and rent. For the future, they want to continue to work and conquer new heights if it can be possible.

## ELENA PESINA

she thinks that corona virus destroyed travel business, all the travel sector was not prepared and it was the most affected. Government gave interest-free loan of millions euros to settle accounts with clients. her medicine company was not allowed to work for many months, they couldn't help the patients. In *Lithuania* they luckily got some financial compensation for lock down.

## COLORI E SAPORI DI SICILIA - Mr. Autovino

Colori e Sapori di Sicilia is a company born in 2005 to sell handicraft products to tourists. the pandemic influenced the business and it *continues to influence the activity*. In Italy, the financial support is **not** enough and for this reason, a lot of business activities are closing. The national and regional governments work to reduce the damage caused by Coronavirus delivering measures to sustain enterprises and families but they are not enough. The pandemic influenced the business, forcing to activate the takeaway and eCommerce portal. The businessman thinks it would be helpful for the economy to re open everything, especially for those who doesn't have a job.

# BALEARIC ISLANDS

The popular **Balearic island** is experiencing rising poverty that's spreading to its wealthier quarters. In the first wave of the coronavirus pandemic in spring 2020, Mallorca was the first Spanish tourism resort that had been allowed to reopen. But it was only for two months, the four Balearic islands were shuttered again and have remained in a permanent lockdown.

An estimated 75% of all income generated on the island is linked to the travel industry, which has led to both rising living standards and higher costs of living for its residents. both the national and the regional governments have announced that they want to spend the €140 billion earmarked for Spain under the EU's pandemic rescue package for purposes other than tourism.

The money is to flow into "*future-oriented industries*" Madrid says, and the regional government is prioritizing funding for universities, culture and agriculture.

