EN - Synthesis of economic and sanitary measures in France *(19 May 2020)*

France has started its first phase of easening of the Lockdown from the 11th of May for a period of 3 weeks – with an eventual more relaxed phase from the 2nd of June depending of the evaluation of the 1st phase on the basis of three criteria : circulation of the virus ; strain on the health care system ; local capacity of testing. The plan of loosening the lockdown, presented on the 28th of April 2020 by the French Prime minister, is based on a territorial differentiation and calling to individual responsibility. This first phase provides a progressive reopening of schools, a reopening of many shops and a large resumption of economic activity incentivizing teleworking as much as possible. The national strategy varies in accordance to local decisions and masks are obligatory in public transports – and under the appreciation of shop owners that may refuse the entry for those not wearing it.

In parallel, the law extending the emergency sanitary state to the 10th of July 2020 has been adopted on the 11th of May – in the continuity of the Law of March, 23rd 2020 instating the emergency sanitary state in France – providing exceptional measures that pushed the Consultative National Commission on Human Rights to recall the upmost vigilance in 3 opinions given on the 28th of April 2020. Derogations to Labour law until the 31st of December 2020 – particularly on working time and rest time on Sunday – provided by the Order n°2020-323 of March, 25th 2020 – remains ineffective yet in the absence of application decree.

A draft bill giving the ability to the government to take order on various emergency measures is under scrutiny in the framework of the accelerated legislative procedure on various areas : from the continuity of professional elections to the preparation of a no-deal Brexit scenario between the EU and the UK at the end of the transition period on the 31st of December 2020.

The amending Finance Act 2 for 2020, adopted on the 25th of April 2020, estimates a decline by 8% of the GDP under the condition of economic activity back to normal from September 2020. Household consumption would drop by 10% and investment in non-financial companies would also drop by 17%. However, this Act estimates an improvement of the structural budgetary deficit by 1 to 2% against 2,2% from the first Finance Act for 2020. Public deficit should rise to 9,1% of the GDP against 2,2% according to the first act. Public budgetary deficit should therefore represent 185,5 billion euros – up by 76,4 billion against the first estimates. The main measures considered in the present Act are:

- *New credit lines to support partial activity*
- *Rise of the tax exemption limit for compensation perceived for overtime*
- *New credit lines for the Solidarity Fund for companies*
- *Payment of "State financial participations"*
- *New support to poor households*
- *New emergency credit lines for uncertain and unpredictable expenses*
- *Support to liquidity of companies and public organizations in difficulty*
- *Rise of the national contribution to the EU for the EU Recovery Plan*
- *Rise of public health expenditure*
- *Increase of the share of the National Public Unemployment Insurance in the support of the short time work scheme*
- *Deferral of the entry in force of the reform of the unemployment insurance and extension of the access duration*

These new measures – up to additional 40,1 billion euros – faces a decline of net tax revenues by 32 billion euros due to the downward revision of the corporate tax yield and a decline of VAT. This decline doesn't take into account the deferral or the annulment – depending on the cases – of social contributions and corporate taxes during the Lockdown.

While it was announced by the government, exclusion of companies registered in tax haven from public liquidity support was changed after the parliamentary debate as a mere appreciation of the payment of the support under the criteria of the Ministry of Economy and Finances.

Regarding short-time work scheme, a series of decrees have been published on the 6th of May that changed its modalities. The first decree implements the decision to switch, on the 1st of May, the workers in leave for 3 derogatory cases (childcare for children below 16 yo ; preventive leave for vulnerable workers and for those living with a vulnerable person) in the short-time work scheme. Since the Order of the 22 of April 2020, employers have the possibility to declare individually the placement of workers in short-time work scheme. The second decree gives the criteria identifying the workers in the private sector vulnerable that may be put in short-time work scheme. A list has been established – particularly on age, health condition or pregnancy. The French Institute of Statistics has also estimated on the 7th of May that 453 800 jobs in the private sector have been destroyed by the crisis Covid-19, with employment falling by 2,3% compared to the previous semester.

On the 19th of May, 12,7 million workers *(5,4 billion hours not worked – equivalent to 430 hours in average by worker equivalent to more than 12 weeks in full time)* have filled an application for the French short-time work scheme concerning more than 1 030 000 companies. Three sectors concentrate 50% of the demands for 48% of the workforce concerns: “wholesale and retail trade and repair of motor vehicles and motorcycles” (16%) ; “building” (11,3%) and “other specialized, scientific and technical service activities” (20,3%). In parallel, 932 000 applications of compensation have been registered on the 18th of May for the hours in partial activity effectively not worked in March 2020 – concerning more than 5,6 million workers and 812 000 companies.

In parallel, new data on employment for the 1st quarter of 2020 and the month of March 2020 specifically has been published on the 27th of April. Registrations of job seekers without any activity, by 246 100 more persons, are up by +7,1% in one month, its highest rise since 1996. The number of job seekers with reduced activity is also rising by 3,1%. The number of entries as jobs seekers without or with a reduced activity is slightly increasing by 5,5%.