

COVID-19 EU Briefing 29 July 2020

Synopsis

Legislation in Germany will be proposed to create a series of new rules on subcontracted work in abattoirs as Germany witnesses its own spike in COVID-19 cases. Frustrations have also grown between Spain and the UK following the imposition of quarantine restrictions for UK travellers in Spain as the British government apparently consider the same measures for those returning from Belgium, Luxembourg and Croatia.

General

Recovery

Member states

Germany

- **Politico** reported that the German Labour Minister Hubertus Heil, from the Social Democrats, will propose new national rules which would ban a range of subcontracted work in German abattoirs.
- The rules if passed would “only allow employees to work in the slaughterhouse”, and would apply from January next year.
- The German foreign ministry have advised citizens not to travel to Catalonia following a spike of infections.
- After Germany registered 3,611 new cases over the past week, Lothar Wieler, head of the Robert Koch Institute (RKI), stated: “We are in the middle of a rapidly developing pandemic.” He has urged Germans to wear masks and respect social distancing.

Spain

- Spanish Prime Minister Pedro Sanchez hit back at the UK following the imposition of quarantine restrictions from the British government.
- The Spanish Foreign Minister Arancha Gonzalez argued that pandemic figures in Spain were “well below the epidemiological data in the U.K.”

Austria

- **Euractiv** has [reported](#) Austria’s Health Minister has admitted that mistakes were made in its implementing of anti-coronavirus measures. Last week, the Constitutional Court declared that they were partly illegal. Rudolf Anschober has responded by pledging to reform his ministry and amend the Epidemic Law.

UK

- **The Times** has [reported](#) that travellers returning to England from Belgium, Luxembourg and Croatia will potentially face quarantine measures in the coming days.

Financial Services

EIB Group and Banco Santander

- The **European Investment Bank (EIB) Group and Banco Santander Consumer Portugal (BSCP)** have [agreed](#) to join forces to provide EUR 587 million to Portuguese small and medium-sized enterprises (SMEs) and mid-caps affected by the COVID-19 crisis.

Covid-19 Impact on Banking Sector

- The **ECB** has [published](#) an analysis of the Euro area banking sector during Covid-19. Their central scenario depletes banks' aggregate capital (CET1) ratio by approximately 1.9 percentage points to 12.6%, and severe scenario by 5.7 percentage points to 8.8% by end 2022.

Dividends

- The **ECB** has [published](#) a recommendation stating that credit institutions should refrain from paying out dividends until 01 January 2021. Explaining the [recommendation](#), the Chair of the Supervisory Board of the ECB, Andrea Enria, noted that credit institutions need to maintain a sufficiently large amount of capital to absorb potential losses and to support the real economy by providing credit to households, small businesses and corporates.

Source: DeHavilland EU