

European Mediterranean Countries: Covid-19 Experiences

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Abstract: The authors analyzed the actions of the governments of the three European Mediterranean states (Italy, Spain, France) to support business and citizens during the pandemic and identified the reasons for the worsening of the situation, despite the efforts being made. The study is based on data from the World Health Organization (WHO), as well as regulatory documents of the EU, the governments of Italy, Spain, France. Statistical data on economic losses in industry and trade, as well as on the employment of the population is provided. The SWOT analysis carried out by the authors showed that, despite external and internal threats and negative impacts on the economy as a whole and on individual industries, in particular, nation states, have the potential for a worthy way out of this situation.

1 INTRODUCTION

The COVID-19 virus has now been recorded in all the countries of Europe with the largest number of European countries. Italy, Spain, France are among cases.

Table 1: Infection with coronavirus in different European countries as of October 14, 2021.

Country	Total infections		Death cases		Recover		Sick now
United Kingdom	8,317,439	+44,556	138,237	+157	6,802,672	+37,043	1,376,530
Russia	7,892,980	+31,299	220,315	+986	6,937,756	+21,670	734,909
France	7,074,276	+5,187	117,211	+38	6,866,428	+5,856	90,637
Spain	4,982,138	+4,690	86,917	+90	4,825,794	+9,600	69,427
Italy	4,709,753	+2,666	131,461	+40	4,498,924	+3,709	79,368
Germany	4,357,616	+9,620	95,285	+65	4,125,100	+8,700	137,231
Poland	2,931,064	+2,999	76,018	+60	2,671,199	+805	183,847
Ukraine	2,597,275	+18,881	59,935	+412	2,311,991	+7,630	225,349
Netherlands	2,036,628	+3,623	18,231	+4	1,956,435	+1,997	61,962
Czech	1,704,436		30,524	+6	1,660,434		13,478
Romania	1,414,647	+16,383	40,765	+304	1,210,494	+11,227	163,388
Belgium	1,272,669	+3,667	25,726	+13	1,181,547		65,396
Sweden	1,161,264	+799	14,886	+4	1,127,869	+1,111	18,509
Portugal	1,077,963	+777	18,071	+6	1,029,815	+728	30,077
Serbia	1,031,283	+6,786	8,946	+54	896,785	+6,141	125,552
Switzerland	853,637	+979	11,163	+6	804,982	+1,987	37,492
Hungary	831,866	+1,141	30,341	+11	790,127	+422	11,398
Austria	768,711	+2,169	11,143	+8	737,170	+1,605	20,398
Greece	687,278	+2,572	15,289	+48	644,925	+1,767	27,064
Belarus	565,865	+2,052	4,353	+17	539,252	+1,725	22,260
Bulgaria	531,129	+3,327	22,004	+98	453,667	+1,836	55,458

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Slovakia	431,757	+1,871	12,791	+19	399,735	+1,407	19,231
Croatia	422,908	+1,851	8,847	+18	404,441	+1,305	9,620
Ireland	409,647	+1,626	5,306		363,406	+1,150	40,935
Denmark	366,607	+767	2,676	+2	356,134	+416	7,797
Lithuania	360,763	+2,962	5,349	+41	323,641	+2,004	31,773
Moldova	312,442	+3,718	7,137	+61	291,490	+2,575	13,815
Slovenia	304,963	+2,309	4,627	+9	288,744	+2,362	11,592
Bosnia and Herzegovina	243,220	+751	11,078	+32	192,218		39,924
Macedonia	195,963	+421	6,888	+13	182,473	+395	6,602
Norway	195,187	+369	884		88,952		105,351
Latvia	178,298	+2,408	2,857	+21	154,377	+1,197	21,064
Albania	176,667	+1,003	2,797	+14	167,308	+1,299	6,562
Estonia	168,884	+1,056	1,409	+5	151,561	+747	15,914
Finland	149,174	+502	1,109		46,000		102,065
Montenegro	136,681	+700	2,010	+10	129,709	+973	4,962
Cyprus	120,120	+142	560		90,755		28,805
Luxembourg	79,628	+165	838		77,362	+127	1,428
Malta	37,412	+19	459		36,268	+15	685
Andorra	15,326	+19	130		15,130	+17	66
Iceland	12,390	+48	33		11,887	+26	470
Channel Islands	12,072	+55	98		11,606	+41	368
Isle of Man	8,254	+70	54		7,681	+56	519
Gibraltar	5,727	+20	97		5,471	+7	159
San Marino	5,470		91		5,343		36
Liechtenstein	3,473	+5	60		3,389		24
Monaco	3,337		33		3,278		26
Faroe islands	1,319	+8	2		1,219	+16	98
Greenland	645	+7			610	+19	35
Vatican	27				27		
Total	61,158,278	+187,045	1,255,041	+2,672	55,883,581	+141,713	4,019,656

According to the regional office of the World Health Organization (WHO), in the summer, in 22 countries of the Mediterranean region, an increase in the incidence of coronavirus COVID-19 was recorded due to the high tourist flow. "Despite efforts to contain the virus, on average, the region is registering a higher number of new cases per week compared to the same period last year," said WHO Regional Director Ahmed Al Mandhari (13. WHO announced).

One of the first to come under attack were the countries of Europe, and in particular - Italy. The COVID-19 epidemic has affected all spheres of society, primarily the economy. Tourism and information technology are also of greatest concern. There was an opinion about the "pan-European crisis" in connection with the pandemic.

The purpose of our study is to study the practices of three Mediterranean states of Italy, Spain, and France in supporting businesses and citizens during a pandemic and to identify the reasons for the worsening of the situation, despite the efforts being made.

2 STUDY METHODS

The study is based on data from the World Health Organization (WHO), as well as regulatory documents of the EU, the governments of Italy, Spain, France (decrees, resolutions, development programs). The theoretical basis of the study was the publications of domestic and foreign economists and lawyers on the problems of overcoming the economic consequences of emergency situations.

The empirical material is properly summarized and structured in terms of argumentation from the main points that reveal the means to achieve the research goal. The methodological basis of the study was general scientific methods of cognition, involving the study of economic laws and phenomena in development and interconnection: analysis, synthesis, deduction and induction, analytical comparisons, SWOT analysis.

3 STUDY RESULTS

3.1 Italy

At the end of February of 2020 Italy came second in the world in terms of the number of infections (China remained in first place). At the moment, the peak of the epidemic in Italy has passed (Coronavirus: Hope).

In May of 2020, the Court of Accounts (the supreme audit institution) presented a report to the government containing a number of recommendations for taking urgent measures to protect health, support employment of the population and the economy in connection with the consequences of the crisis in the country. The Court of Accounts arranges events on various topics in the context of the spread of COVID-19.

The Italian government introduced a state of emergency on January 31, 2020, a decision was made to de facto isolation of the entire northern region of Lombardy and 14 provinces in the Veneto regions, including Venice, Emilia-Romagna, Piedmont and the Marche. There were general travel restrictions, bans on public events, the closure of schools and public spaces, and the suspension of religious events, including funerals and weddings. Restrictions have been placed on the opening hours of bars and restaurants. It was forbidden to leave the house. For violation of quarantine measures, a fine of 400 to 3 thousand euros is provided. The authorities of some regions, which were hit hardest by the epidemic (Lombardy, Bologna, etc.), raised the fine to 5 thousand euros. The Italian authorities have repeatedly extended the restrictive measures (www.governo.it).

Even with the relaxation of emergency measures in transport and enclosed spaces, masks shall be worn. The extension of the state of emergency has a negative impact on tourism: the country accepts tourists from EU countries, however, for example, tourists from the United States are prohibited from entering.

The Italian government has allocated 400 billion euros to support enterprises in connection with the situation caused by the COVID-19 pandemic. Wherein, 200 billion euros are intended for companies operating in the domestic market, and the same amount is provided for firms specializing in export. This amount is added to the 350 billion euros previously allocated to support families and the population. Just 700 billion euros, that's almost half of Italy's GDP (iz.ru).

Four categories of citizens are designated who are entitled to compensation in connection with the

coronavirus pandemic:

- self-employed persons;
- individual entrepreneurs;
- agricultural workers;
- tourism and entertainment workers.

The state pledged to compensate for the losses due to the quarantine of private sector workers.

The Italian economy considers the basic industries to be the automotive and aviation industry, food and beverage, banking and finance, retail trade, travel and tourism, healthcare and some others, providing 40 % of national income and employment. In addition, Italy is one of the largest suppliers of textiles and high quality luxury clothing.

In accordance with the Prime Minister's decree on additional measures to combat COVID-19 dated March 22, 2020, all industrial and commercial production activities in Italy have been suspended, with the exception of the production and transportation of medicines, medical technologies and medical-surgical devices, as well as agricultural and food products. The most affected are the northern regions of Italy, which accounts for about 45 % of the country's economic activity and where the largest manufacturing industries, light industry and metallurgy enterprises are located.

However, since the end of April, the restrictions imposed have been eased. Despite the noticeable damage from the pandemic to the Italian economy as a whole, revenue growth has been observed in some areas. The highest growth at the end of the year was shown by electronic commerce, the sale of food products, the sale of medical goods and drugs (www.statista.com).

3.2 Spain

As of October 14, 2021, Spain ranked fourth in the world in the number of cases.

In connection with the spread of the coronavirus infection COVID-19, the government introduced a state of emergency throughout the country from March 14, 2020, which was then repeatedly extended. In accordance with the adopted restrictions, places of possible gathering of people and holding mass events, catering establishments, with some exceptions, and hotels were closed. Wherein, practically all chain food supermarkets and small grocery stores, shops, markets, pharmacies, medical institutions operate; airports, railway stations, stations and bus stations; postal and courier services work (www.bbc.com).

Fines were imposed for violation of the restriction regime from 600 to 10.5 thousand euros or criminal liability (ach.gov.ru).

All travelers entering Spain were placed in a mandatory two-week quarantine.

At the moment, there is an increase in the number of cases of coronavirus infection in Catalonia, Aragon, Barcelona. The authorities assure that the situation is under control and the country is waiting for tourists from the EU (www.lamoncloa.gob.es).

To support citizens, the government has provided the following measures (www.covid19healthsystem.org):

- it is recommended to arrange work remotely, where possible.
- digitalization of small and medium-sized enterprises is accelerated.
- those who lose their jobs or a significant part of their income due to COVID-19 receive unemployment benefits for one month.
- COVID-19 infection classified as industrial accident as of 11 March of 2020
- the Autonomous Communities (the main administrative-territorial unit of Spain) received 25 million euros to provide meals to socially vulnerable children who previously used the services of school canteens.
- 300 million euros are allocated to support vulnerable groups through social services.

To support business, measures of budgetary support for enterprises are provided:

deferred payment of taxes for up to six months;
 a special line of credit from the Spanish Official Credit Institute in the amount of 400 million euros to support the liquidity of enterprises and self-employed in the tourism and related industries affected by the effects of the pandemic;

- deferral of payment of debt on loans received by companies under the General Secretariat for Industry and SMEs mechanism;
- reduction of social insurance contributions for tourist workers and related industries, the labor contract of which was or will be terminated in the period from February to May of the current year;
- cancellation of the mechanism providing for penalties for airlines for canceling flights during the tourist season (www.mineco.gob.es).

In order to further protect companies, a temporary ban was introduced on the short sale of shares of Spanish companies on the stock market – a measure that few states have resorted to (www.imf.org).

Compared to other EU states, Spain is in a more difficult economic situation. The country's GDP, according to official data, may decrease by 9.2 %, the budget deficit may exceed 10 %, and unemployment may cover 20 % of the working-age population.

According to the data of the Bank of Spain, the decline in economic activity affected 80 % of industrial companies, while every fifth company (small and medium-sized businesses) was forced to curtail production due to a reduction in the supply of components from abroad in the context of restrictive measures, which shows a strong dependence from imports (www.publico.es).

Restrictive measures have led to an increase in the number of unemployed by 900 thousand new ones (with a total number of employed 18 million people).

The pandemic has had a particularly strong impact on the automotive industry, which is one of the main industrial sectors in Spain and other countries of the European Union. To support the automotive industry, the European Central Bank announced the purchase of € 750 billion in sovereign and corporate debt to maintain the liquidity of the financial system and support large enterprises.

However, experts predict contraction of Spain's GDP by 5.7 % at the end of 2020, compared with the contraction of the entire EU economy by 5.2 %. A higher share of the tourism sector, as well as a wider spread of small and medium-sized enterprises (47 % of Spanish companies have fewer than 20 employees, compared to 37.5 % of such companies on average in Europe) that are vulnerable in a pandemic are cited as the main reasons for the stronger decline.

3.3 France

On January 24, 2020, the first case of COVID-19 infection in France was registered in Bordeaux. On October 14, 2021, France ranks third in terms of the number of infected.

The French government has adopted a four-stage plan to prevent and overcome the consequences of the pandemic:

Stage I – containment of the virus entering the country (from February 23, 2020);

Stage II – containing the spread of the virus throughout France (from February 29, 2020);

Stage III – mitigating the consequences of the epidemic (from March 14, 2020);

Stage IV – returning to the situation before the outbreak of the epidemic (www.gouvernement.fr).

Local restrictions affected the departments of Haute-Savoie, Oise, Morbihan, Haute-Rhine and the Corsica region, where measures ranged from the cancellation of public events to the closure of schools. In connection with the worsening morbidity statistics, the President of France introduced a general isolation regime on March 17, 2020.

In this regard, measures have been taken to provide disabled workers with material assistance, and benefits are provided for temporarily unemployed or completely unemployed. The volume of payments amounted to 84 % of the wages received on hand, for those whose salary does not exceed 4.5 times the minimum wage. The budget for compensation of wages increased to 24 billion euros (russiancouncil.ru).

The business support measures taken by the French government are in line with pan-European trends to help the economy recover from the effects of the coronavirus pandemic. According to the latest updated estimates of the Brussels International Analytical Center BRUEGEL, as of June 18, 2020, the measures taken of direct budgetary stimulus to the economy were identified in a total of 106 billion euros (4.4 % of GDP), deferrals for the payment of taxes and other payments - 210 billion euros (8.7 % of GDP), and other mechanisms to increase liquidity, including the provision of government guarantees - 342 billion euros (14.2 % of GDP) (www.bruege l.org).

The main measures to support business in the framework of these areas include: the issuance of grants to affected companies in the amount of up to 10 thousand euros, as well as 2.2 billion euros of budgetary funds to finance the deferred payment of social contributions for small and medium-sized enterprises in the tourism sector, and plus 6.5 billion euros in the form of government guarantees for loans to tourism companies; the government has approved an ambitious work-time compensation program to prevent massive layoffs in the short term. Despite this, according to the French National Institute of Statistics and Economic Research, only at the initial stage of the pandemic, the economy lost 453.8 thousand jobs due to the fact that in the first quarter

companies massively refused to extend fixed-term employment contracts with employees (iz.ru).

4 RESULT DISCUSSION

The COVID-19 pandemic has negatively affected the entire European society and, above all, the economy. The greatest economic losses in a pandemic are recorded in the states of southern Europe (Italy, Spain and Greece).

For example, sales of non-food products, excluding motor fuel, fell in March-April in all EU member states, but the largest decline was recorded in Spain (-55.2 %), Italy (-50.2 %) and France (-49.8 %). The largest drop in the level of sales of automotive fuel over the same period was also noted in Italy (-66.2 %), France (-64.7 %) and Spain (-56.5 %), while the EU average for this indicator is 42.6 %. In addition, of all countries for which data are available, retail trade also declined the most in France (-31.1 %), followed by Spain (-29.8 %), Malta (-24.8 %) and Luxembourg (-24.7 %) (www.mineco .gob.es).

Wherein, a significant increase in unemployment is recorded. Namely, in the EU this figure may increase from 6.7 % in 2019 to 9.0 % in 2020, in the eurozone — from 7.5 % to 9.5 % (russiancouncil.ru).

Despite the extraordinary measures to support the national economy, business and citizens, the studied states are experiencing unprecedented difficulties. The reasons for the worsening of the situation are:

- freedom of movement between EU states;
- influx of tourists;
- the largest percentage of elderly and elderly citizens who are more vulnerable to COVID-19;

Table 2: SWOT analysis of external and internal threats and negative impacts on the economy.

Strengths	Opportunities
proven stability of certain sectors of the economy (for example, tourism) in past crises adaptive potential state support of certain sectors of the economy	innovations and digitalization of economic sectors sustainable development and sustainable development-oriented segments (agriculture, nature, health) progress in adaptation plans in the country as a whole and in companies
Weaknesses	Threats
violation of international value chains due to border closures a dramatic reduction in effective demand for industrial products both in the domestic and foreign markets, barriers to company operations created by restrictive measures by national governments • serious disruptions in the aviation industry	world recession rise in unemployment and jobs at risk closure of enterprises uncertainty affecting consumer and business confidence indefinite duration of the pandemic (including reactivation) the extent of blockages and travel restrictions

- the hope that in the event of an emergency Brussels will not stand aside (but Brussels ignored Italy's request for assistance) (iz.ru);
- slow response of national governments;
- austerity in government health spending;
- the unpreparedness of the health care system for an emergency;
- strengthening of tendencies "to the growth of criticism of Brussels" (Taranets, 2020).

The SWOT analysis carried out by the authors showed that, despite external and internal threats and negative impacts on the economy as a whole and on individual industries, in particular, nation states, have the potential for a worthy way out of this situation.

5 CONCLUSIONS

The coronavirus pandemic (COVID-19) has had and continues to have an unprecedented impact on all aspects of people's lives around the world. The EU as a whole and individual states are in a very difficult situation. Governments are forced to take measures aimed at countering and minimizing the crisis phenomena that have arisen in connection with the pandemic. Most countries are introducing stimulus packages, including employment support measures, social support measures, business support measures, primarily tax measures. These measures need to be viewed both in the national and in the transboundary context.

But in general, the situation in the EU, and in individual countries, especially in the European countries of the Greater Mediterranean, is far from the optimism of the "pre-pandemic era". Of course, it is too early to talk about the EU crisis, but the prerequisites for this are already visible in the actions of national governments and in the response of Brussels to requests for assistance. Undoubtedly, after the pandemic, the world will not be the same. The search for new models of interaction between countries and regions is the key to successfully overcoming the crisis and reaching sustainable development.

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