



April 2nd, 2020

Covid-19 Outbreak

EUROPE

[Europe struggles to slow spread of virus as global cases approach 1 million](#)

Europe remains at the epicenter of the coronavirus outbreak with around 400,000 cases and 30,000 deaths. Whilst the infection rate in Italy, Europe first and worst affected country, have begun to slow, infection and death rates across the continent remain stubbornly high. It is hoped that the draconian lockdown measures enacted by most governments will soon begin to ameliorate the situation, alleviating the intense pressure on health services and economies.

[*BBC News*, April 1, 2020]

[EU divided over "coronabonds" scheme](#)

A call from 9 European states, including Italy, France and Spain, for the issuance of joint European debt to finance the fight against coronavirus has been met by resistance from the Netherlands, Germany and Austria. The idea of a common debt instrument stretches back to the Eurozone debt crisis when yields on government bonds within the block diverged dramatically. In a sign of the high-stakes countries are treating the issue with, Portugal's Prime Minister António Costa lambasted Dutch Finance Minister Wopke Hoekstra for "repulsive" and "senseless" remarks after he questioned why some economies did not have the fiscal buffers to see them through a crisis.

[*Financial Times*, April 1, 2020]

[ECB shakes off limits on new €750bn bond buying program](#)

The European Central Bank has removed or loosened almost all the constraints that applied to its previous asset-purchase program. Most crucially, the ECB will no longer be constrained by its self-imposed limit to buy no more than a third of any country's eligible bonds. The move follows ECB President Christine Lagarde's announcement that "there are no limits to our commitment to the euro", designed to strengthen confidence in the economy.

[*The Economist*, March 26, 2020]

[EU suspends budget rules to fight coronavirus](#)

The EU has triggered its "general escape clause", suspending the stability and growth pact rules which theoretically limit a country's deficit to 3% of GDP and debt to 60% of GDP. The move effectively allows EU states to spend without limits in order to invest in medical supplies and stabilise the economy. This is the first time the EU has suspended the rules which were originally put into place at the height of the Eurozone debt crisis in 2011.

[*Político*, March 23, 2020]

[EU Commission to propose €100bn unemployment reinsurance scheme](#)

Brussels is set to put forward a pan-European unemployment program as part of a package of measures to intensify the EU's joint economic response to the coronavirus pandemic. The program is aimed at supporting countries that are confronted by rocketing jobless claims as a result of the outbreak. Under the plans, the EU would provide loans to governments that needed help financing short-term working schemes, such as those modelled on Germany's Kurzarbeit program.

[*Financial Times*, March 31, 2020]

[EU-UK Brexit talks put on hold due to COVID-19 crisis](#)

Negotiations between the EU and the UK over the future relationship between the two blocks have been temporarily suspended, as governments turn their full attention towards dealing with the coronavirus outbreak. Negotiations had been due to restart on March 18th but were put on hold as the crisis developed and the EU chief negotiator, Michel Barnier, confirmed he too had contracted COVID-19. The delay raises expectations that Boris Johnson, given the sheer scale of issues yet to be settled, will be forced to break his promise to leave the economic union by the end of the year and instead request an extension to negotiations.

[*The Economist*, March 21, 2020]

DOMESTIC

[Italy extends lockdown until April 13](#)

Italy's countrywide lockdown has been extended from 3 April until at least 13 April as the government warned the crisis was not yet over. Whilst Italy now has over 100,000 confirmed cases—the second highest after the US—the new rate of infection has been decreasing over the past few days, giving hope that the crisis in Italy may soon be abating.

[*La Repubblica*, April 1, 2020]

[Spain withdraws test kits over poor accuracy rates](#)

The Spanish government has had to withdraw some 58,000 Chinese-made coronavirus testing kits from use after it emerged that they had an accurate detection rate of just 30%. The announcement came just after Spain committed to spending €432m on protective equipment, with much of it expected to come from China. Health workers, who account for about 14% of the country's coronavirus victims, have complained of a lack of basic protective equipment such as face masks and gowns.

[*The Guardian*, March 27, 2020]

[Hungary passes law allowing Prime Minister Orban to rule by decree](#)

Hungary's parliament has voted 137-53 in favour of a new set of coronavirus measures that give no clear time limit to a state of emergency that allows its Prime Minister, Victor Orban, to rule by decree. The bill also introduces jail terms of up to five years for intentionally spreading misinformation that hinders the government response to the pandemic, leading to fears that it could be used to censor or self-censor criticism of the government response.

[*The Guardian*, March 30, 2020]

[UK Prime Minister Boris Johnson tests positive for coronavirus](#)

The British Prime Minister, Boris Johnson, has become the first world leader to test positive the virus and is now self-isolating at his home in Downing Street. The UK Health Secretary, Matt Hancock, England's Chief Medical Officer, Chris Whitty, and Prince Charles have all also tested positive for the virus. In that case that the Prime Minister became unable to work, Foreign Secretary and First Secretary of State, Dominic Raab, would stand-in.

[*BBC News*, March 27, 2020]

Foreign Affairs

[Russia and China push "fake news" aimed at weakening Europe](#)

The European External Action Service has warned that Russia and China continue to use the global coronavirus crisis to spread false reports and disinformation. Since late January, over 150 cases of pro-Kremlin disinformation have been flagged up, including claims linking the pandemic with existing misinformation themes such as targeting of migrants, minority groups and the long-term credibility of the EU. Russia and China have also pushed the narrative that they are the only ones providing a robust strategy to combat the virus whilst the EU has faltered.

[*Político*, April 1, 2020]

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