



## Intergraf feedback: Impact of COVID-19 on the printing industry

January 2021

### 1. General situation

In general, the health of the printing industry is closely tied to the health of the economy. Demand is slowly returning but the public have not returned completely to normal activities, thus demand has not returned fully. Problems of recent years became more acute under lockdown: order books were not filled, orders were cancelled at short notice, and volumes of publications were reduced or even discontinued (particularly in the travel industry). The printing industry's turnover was significantly impacted during Spring 2020 by the pandemic. In April 2020, the **turnover** of the printing industry was 30% below the level of April 2019. A considerable portion of the industry is relying on government subsidies to get through this period.

With new local lockdowns being introduced again across Europe, there is a direct impact on businesses' demand for commercial print products (menus; advertising; travel companies' documents and brochures). Commercial print stands to be the worse affected sector overall. **It cannot be overstated that this winter is set to be print's most difficult yet.** This SME-majority sector requires support to protect the **over 600,000 jobs across Europe** which our companies create. Fears of bankruptcy for many small companies is ever present.

The impact varies depending on the product market, however. Printed packaging proved to be the most resilient part of our industry, due to increased need for essential food and medical products. Some companies have restructured, as lockdown proved that demand could be met with fewer staff. Some companies even switched their usual product line to produce protective equipment for front-line health workers, which opened a new market for them. Other new opportunities for print from COVID include printed signage to advise social distancing.

There are persisting myths around the possibility to contract the virus from surfaces. As an industry which relies on the production of physical products, this is a problem. Studies prove that there is very weak evidence to support the notion that the virus can be caught from surfaces<sup>123</sup>. The WHO says that the "likelihood of an infected person contaminating commercial goods is low and the risk of catching the virus that causes COVID-19 from a package that has been moved, travelled, and exposed to different conditions and temperature is also low"<sup>4</sup>. The Centers for Disease Control and Prevention gives the same advice<sup>5</sup>.

---

<sup>1</sup> <https://keepmepostedna.org/wp-content/uploads/2020/06/final-na-covid-19-and-paper-product-safety-1.pdf>

<sup>2</sup> [https://www.twosides.info/documents/factsheets/Coronavirus-\(SARS-COV-2\)-Surface-Stability.pdf](https://www.twosides.info/documents/factsheets/Coronavirus-(SARS-COV-2)-Surface-Stability.pdf)

<sup>3</sup> <https://www.inma.org/blogs/earl/post.cfm/zero-incidents-of-covid-19-transmission-from-print-surfaces>

<sup>4</sup> <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/question-and-answers-hub/q-a-detail/q-a-coronaviruses>

<sup>5</sup> <https://www.cdc.gov/coronavirus/2019-ncov/faq.html>

In general, consumers have become more digitised, and are shopping in new ways – existing trends which accelerated under lock-down. Whilst many printers also provide digital services, there are many companies that need to adapt to this new consumer. Printers who offer on-demand, personalised print, will be able to serve this type of consumer.

## 2. Demand

Please see below for more detail on our key sectors, as well as feedback from some of Intergraf's member countries on how COVID-19, and the aftermath of lock-down across Europe, has impacted demand.

<p><b>UPDATED</b> <b>ADVERTISING</b></p>	<p>During 2020, investments were sustained or increased for digital advertising, further damaging this market for print. Digital advertising will account for 51.0% of global ad spend this year, up from the 49.5% forecast in December. Across Europe, in all the large economies (DE, IT, ES, FR, UK) this shift is clear. Newspaper advertising revenues have dropped and are only seeing small signs of recovery. Newspapers in countries like Portugal, Poland, Belgium, and Czechia are also reducing their size due to lack of advertisements.</p>
<p><b>NEWSPAPERS</b> <b>AND</b> <b>MAGAZINES</b></p>	<p>Over the course of 2020, consumers have fast adapted to digital communication, accelerating the existing trend. This has a pronounced affect for newspapers and magazines. During the first lockdown in March and April, sales were hit hard by the closure of many newspaper kiosks, particularly in airports, train, and metro stations, and because the distribution of free newspapers was frequently forbidden for health reasons. There has also been an increase in digital subscriptions for news and other media. An increase in digital advertising spend by brands and decrease in print advertising means that newspapers and magazines have reduced in size (fewer pages). This has led to a decrease in demand for publication paper.</p> <p>Despite this significant drop in the consumption of printed newspapers and magazines, consumer surveys have shown that traditional media are the most trusted source of information – particularly for updates on the virus.</p>
<p><b>UPDATED</b> <b>COMMERCIAL</b> <b>PRINT</b></p>	<p>Commercial print is a key market for print - €52 billion turnover (including printed advertising), i.e., 70% of graphics printing turnover - and at the same time, the one most under threat. The success of this industry is closely tied to the retail, hospitality, and entertainment sectors. The closure of non-essential shops has two negative impacts for printers serving these businesses. On the one hand, closed shops do not need to place advertisements. On the other hand, essential shops (such as supermarkets), see spiked demand so also do not need to advertise. Therefore, the new restrictions we are seeing this winter across Europe are devastating for commercial printers.</p> <p>Some brands are also choosing not to print catalogues now, contributing to poor demand in the commercial print sector. The travel industry including hotels been strongly impacted, so demand for print has decreased and not recovered. Many airlines will cease to provide in-flight printed booklets, and switch to apps. This will likely be a permanent change.</p> <p>More positively, with consumers spending more time at home, unaddressed advertising (or door-drops) has increased in effectiveness. According to JICMail, “during Q2 the average piece of direct mail was interacted with 4.58 times, an 11% increase year-on-year and a record high” since tracking began in 2017. The average item was interacted with 3.19 times, representing 15% growth. Business mail also reported a 7% interaction increase”.</p>

<b>SIGNAGE</b>	Whereas signage business related to events and exhibitions has totally disappeared, other possibilities have emerged – but cannot compensate. Signs to indicate social distancing, stands for hand sanitiser, or dividers for restaurants are just a few examples of print helping to prevent the spread of the virus. A study in the UK found that more than 40% of shoppers have stopped visiting stores that have unclear signage on social distancing.
<b>PRINTED PACKAGING</b>	<p>Food and medical packaging converters proved to be the most resilient part of the industry. Under lockdown, there was a strong spike in demand for direct-to-consumer packaging. Customers stocking up in the supermarkets meant that the supply chain was under pressure to deliver. However, over time, this balances out as people are not consuming the goods at home faster than they do usually. With people cooking at home more, demand for certain packaged ingredients rose. There was high demand for multipacks and long-life items, as people sought to visit the supermarket less. Interestingly, people seemed to recognise the positive qualities of plastic (hygienic, protective, durable), in contrast to recent years.</p> <p>Even though there has been a positive effect on parts of the packaging production, it is estimated that the turnover will go down by 6% overall in 2020. This is because packaging for economic activities such as shops, restaurants, production, which close under lockdown, means lower demand for this type of packaging.</p>
<b>BOOK PUBLISHING</b>	The impact of the pandemic on book sales across Europe was immediate and dramatic, with sales dropping up to 95% at the start of the crisis and online sales not making up for the loss of in-store purchases for many retailers. There was a shift to digital reading. Publishers flagged a rise in piracy. Over the course of the year, this situation is improving, impacted by the opening of shops, as well as consumers’ “digital fatigue”. Comic book sales are at an all-time high, and children’s books and magazines continue to be popular.
<b>AUSTRIA</b>	During the height of the COVID-19 crisis in April, the production volume index dropped to 58% of the 2015 production average. As volumes were already slightly down compared to 2015 before the crisis, the drop amounts to 36% below the pre-coronavirus average. In contrast, the EU output dropped only by 31% compared to the 2019 average. Revenues have also fallen, but due to the overall strength of the industry in Austria, this will be felt in 2021.
<b>BELGIUM</b>	At the height of the crisis in April 2020, the production volume index dropped noticeably. But while the EU output dropped by 32% compared to the 2019 average, the index dropped only 25% in Belgium. On average, there has been an annual decline in revenues of -2.1% for the Belgian printing industry.
<b>BULGARIA</b>	<p>In Bulgaria, the first months of the pandemic and the state of emergency were extremely difficult for the printing industry. Production volumes collapsed by almost 70%, (but only a slight decline in the packaging sector). In response, the state introduced the so-called “Measure 60/40”, which supported, under certain conditions, businesses by providing 60% of the company’s current income and insurance of employees, and employers with 40%.</p> <p>For the time being, there are no plans to close production and services. But production can only take place in compliance with strict anti-epidemic measures, which will help colleagues to end this difficult year normally.</p>

<p><b>UPDATED DENMARK</b></p>	<p>The demand for printed products remains significantly below the level from 2019. Printing companies expect that their turnover in 2020 will be 11% lower than in 2019. When it looked the worst in April, revenues had fallen by more than 30%. The demand for products like flyers and brochures remains low, while the demand for labels is higher now than before the outbreak of corona.</p> <p>It is primarily the demand for graphic products that limits revenues, which is largely a result of restrictions on the number of people permitted to meet. The general economic downturn also led to a declining demand for the industry's products, but the economy performs quite well in Denmark under the circumstances.</p> <p>Since September, we have seen an increase in the number of new COVID cases, meaning tighter restrictions on the public. Stricter restrictions are on the way in the capital region and Aarhus and Odense, which may lead to a further decreased demand for printed products. The next couple of months are going to be tough on the printing industry.</p>
<p><b>ESTONIA</b></p>	<p>The official level of state emergency ended on May 15, 2020, and restrictions were steadily lifted throughout May and June. The number of participants for public events was still controlled during the summer. Companies continued working during lockdown. But, as the Estonian printing sector is highly dependent on export, the demand was affected by the situation in target countries and free movement of goods were critical.</p> <p>For all printing sectors, March and April were the most difficult months, with a drop of turnover around 25% to 50% being reported on average. Most affected were the commercial print and newspapers print sectors. Labels started recovering in May, and book printers since June. These are back to average levels. For packaging printers: after a short decline, there has been higher demand compared to the same period year before.</p>
<p><b>FINLAND</b></p>	<p>The Finnish printing sector is highly dependent on the domestic demand. Thus, with the economic downturn, the demand goes down accordingly. However, because of the restrictions and recommendations to avoid social gatherings, the demand of physical products, like printed material is obviously lower (no exhibitions etc.). The packaging sector and books are the only printed products where we have seen a stable demand or even some growth.</p>
<p><b>FRANCE</b></p>	<p>In the first half of 2020, net advertising revenues for all media were down -22% compared to the same period in 2019: advertising mail (-29.9%), press (-30.9%), outdoor advertising (-43.3%) and unaddressed printed matter (-41.6%). Nevertheless, regional daily press recorded a +17% increase in its advertising pagination. National magazines and dailies, on the other hand, were more affected by the lockdown with a loss of nearly 1/3 of their activity in advertising volumes. The evolution of the advertising market by the end of 2020 is estimated to experience a GDP growth of between -9% and -10% in 2020.</p>
<p><b>UPDATED GERMANY</b></p>	<p>Since April, the production in the printing industry as a whole has recovered by 14.7% but was in August 2020 still 14.8% below the production level of last year. Production of newspapers has raised by 13.1% between April and August, which led to a reduction of the deficit on a YOY-basis (-7.8% below August 2019).</p> <p>Printed advertising was hard hit by the restrictions imposed due to the pandemic. While the production value of catalogues dropped by almost 20% in the first half year of 2020 (YOY), the</p>

	<p>production value of wallpapers slumped by almost 19%. Simultaneously, the value of produced books (-9.4%), magazines (-15.8%) and newspapers (-11.3%) declined, significantly. However, there were also certain product markets that were characterised by resilience. The market for printed labels experienced an increase of 0.6% over the first six months of the ongoing year. Moreover, the market for printed materials other than paper (metals, glass, and other materials) soared by 14.5%.</p> <p>Capacity in October was 6% below last year's value and 5% below the long-term average. All in all, the observed period of recovery in the German printing industry was not a long lasting one and seemed to be finished in August (at least for now), as production fell by 2.1% in comparison to the previous month.</p> <p>Since another government-ordered partial lockdown took place in November, it is doubtful that the recovery is going to continue in the fourth quarter.</p>
<p><b>UPDATED ITALY</b></p>	<p>There was a strong reduction of demand for advertising, particular by the retail sector (the biggest customer of commercial printers). The decreased activities of the following sectors also created a drop in demand for print: tourism, transport, hospitality, retail, fashion, electronics, personal services, recreational/cultural activities, fairs, events, and presentations. Investments in advertising dropped: press (-33.1%), magazines (-43,1%), billboards (-56.4%), and direct mail (-37%).</p> <p>The lockdown led to a decline in demand for print entertainment, and an increase in demand for digital entertainment. In Q1 2020, there was also a significant drop in sales of books and magazines (more than 10%): the decline in sales mainly resulted from the closure of bookstores and kiosks. Retailers were fairly stable and the increase in online purchases was significant.</p>
<p><b>LATVIA</b></p>	<p>At the end of Q3 the total turnover of the industry was + 5% compared to the same period 2019, mostly due to exports of books and printed packaging materials.</p> <p>Packaging material producers have not suffered any decrease in turnover (the overall increase is about 7 %). The annual forecast for packaging is +5%, largely due to food packaging materials for export. Commercial print and advertising saw a decrease of up to 50 % in the first half of the year. Now, the situation has improved slightly, and companies hope for further increase towards the end of the year. Book production for the local market went down by 40 % in spring months, now it is -10 % compared to 2019. But book production for export markets + 5-6%. Newspapers are down by 15%, and magazines by approximately by 8 %.</p> <p>Further restrictions in November and December mean that the printers relying on the closed hospitality and retail businesses are significantly impacted. The Latvian printing association successfully advocated for book shops to remain open. Government funding is available for the catering, tourism, sports, culture event industries. The Latvian printing association has applied for financial support for commercial printing companies (turnover in November was down by 20-30 %).</p> <p>All printers are facing challenges due to additional safety measures (to ensure social distancing, enable home working, and providing PPE).</p>

<b>LITHUANIA</b>	<p>In Lithuania, the printing sector experienced huge declines during the spring quarantine. The major declines were seen in the following sectors: advertising and commercial press 60-75%, books 30-50%, newspapers, magazines 30-50%, packaging 10-15%.</p> <p>During the summer and fall, the industry has seen some recovery, and turnover has almost returned to normal levels. However, some product markets have been reduced by 10-20%, compared to usual levels. Despite business and public life resuming relatively normal rhythms, the new quarantine period poses uncertainty for the printing sector.</p> <p>There is a huge potential risk of significant declines in the first quarter or even half 2021.</p>
<b>LUXEMBOURG</b>	<p>The pandemic hit the printing sector hard. The cancellation of events across the country has meant that the printing sector (which supports this industry) is unable to resume activity after lockdown. A large part of its "classic" demand no longer exists for the moment and will probably not return in the coming months.</p>
<b>NETHERLANDS</b>	<p>In general, the situation is not looking good for the graphics part of the printing industry. With stricter measures in force for businesses, the printing industry will suffer the economic impact. 80% of member companies in the Netherlands still report low order levels and/less turnover. Printing companies are becoming less optimistic about the future. Further reductions in turnover are expected in the final part of the year.</p>
<b>NORWAY</b>	<p>The demand for printed products is not back to pre-crisis level. Printing companies depend on the activity in the rest of the economy. Norwegian printing companies have cash flow problems, are at risk of bankruptcy and are faced with having to reduce staff. The hospitality sector (tourism, travel, events), which is an important customer for many printing companies, is the sector in the direst situation.</p> <p>A survey among members of the Norwegian printing association showed that 22% of employees were furloughed in August, compared to 49% at the beginning of May. 42% of member companies have plans to reduce their staff. Order income was down 50% in May and by the end of August was down 23%. This shows that the sector is struggling.</p> <p>Many printing companies have received governmental support/compensation based on reduced turnover and fixed costs in the period March-August. However, this type of support is no longer available.</p>
<b>UPDATED SWEDEN</b>	<p>Turnover for commercial printers was down by 20% in Q3 vs Q3 2019. General demand has picked up somewhat, but the first 9 months are still -20% vs 2019. Large format printing has been especially hit as conferences and events have been shut down (-35%). All-in-all demand for printed products remains significantly below 2019 and printers expect that this level is the "the new normal".</p> <p>The packaging and labels market has been stable during this period. In Q2 demand was 10% higher vs Q2 2019. It was mainly food and pharmaceuticals where demand increased. However, in Q3 demand slowed down. The interpretation is that customers over stocked in Q2 but are not consuming at the same rate. Packaging and label printers expect that 2020 will close on par with 2019. Trends in sustainable packaging materials is expected to gain momentum again in 2021.</p>

### 3. Supply

- **Supply Chains**

Prices for recycled paper have significantly dropped over the last couple of months (In July, almost -25 % compared to July 2019). Additionally, lockdown has driven down oil prices, making recycled plastics more expensive than virgin plastics. This has implications for sustainability goals.

There are reports (e.g., in Lithuania) of a decline in paper supply, so printers may face a shortage of raw materials. Across Europe, there is lower demand for publication grade paper, due to the drop in demand of newspapers and magazines. This will have implications for the paper industry.

- **Labour Force**

The need to enforce social distancing, staff sickness, and childcare has all impacted the labour force. Some companies also saw that they could operate with fewer staff and have permanently reduced their workforce. Teleworking is only possible in parts for the sales force or for some office-based jobs (administration, HR). The use of the machinery necessitates the physical presence of workers at the company. On average, only 10%-15% of staff have the possibility to work from home. New working habits, such as remote machine installations or conference calls for sales of machinery, have become normalised. Some companies have struggled with maintaining staff morale, particularly in the packaging sector when pressure was higher than normal.

COUNTRY	IMPACT ON LABOUR
<b>DENMARK</b>	The lockdown in Denmark was not as restrictive as in other European countries. Danish workplaces are taking precautions to ensure that social distance is maintained, and many employees have worked been home working. Most workplaces have remained open.
<b>ESTONIA</b>	Companies continued to work but some companies had 4-day working week in spring. There have been layoffs (after the subsidy period), which has eased the situation with the workforce. Companies have regulated the protocols to avoid the virus, limited face-to face meeting with clients, and office works remotely where possible.

<p><b>UPDATED GERMANY</b></p>	<p>From March to June, around 70% of the companies and around 68% of the employees in the German printing and reproduction sector were working part-time. In September 57 % of the print and media enterprises surveyed by the IFO Institute stated that they were currently using short-time work. In addition, just over half of all those surveyed reported that they intended to make use of part-time working within the next three months.</p> <p>Although the number of companies and employees on short-time work is declining, many printing companies will still not be working full-time in 2021. The period for which short-time work benefits are paid has been increased from 12 to 24 months.</p> <p>For many companies in the printing industry short-time working is not sufficient to save all jobs. There is an increasing number of staff cuts: there could be job cuts in production at 40 percent of companies.</p> <p>Staff shortages occur because employees must go into a 14-days-quarantine after travelling to national or foreign high-risk areas or because schools suddenly close again due to infections. As the regulations on risk areas and quarantine rules vary from region to region and often change at short notice, planning sufficient staff presence is very difficult.</p>
<p><b>LITHUANIA</b></p>	<p>The printing sector faces the challenge of an insufficient workforce, due to a decrease in the flow of workers from third countries. The short-time working scheme will be extended until the end of the first half of 2021. The terms for this are currently being discussed by the social partners in the Economic Conditions Committee.</p>
<p><b>NETHERLANDS</b></p>	<p>Between June and September, there was an increase in companies struggling with absenteeism and staff sickness. Around 37% of member companies are delegating new tasks to staff working on products with little demand. 24% have a reduced workforce due to COVID. A quarter have adjusted work hours and rotas to ensure COVID measures. Some companies have said that they will no longer hire temporary workers (13.7%); on call staff (14.9%); or self-employed people (11%). 66% of companies have applied for the government's emergency scheme to help pay staff wages.</p>
<p><b>UPDATED SWEDEN</b></p>	<p>All workplaces have taken necessary precautions to ensure that they follow recommendations from our health authorities. Employees that can work remotely are encouraged to do so. Most commercial printers are still using furlough schemes. On the packaging side, some white-collar employees are on furlough whereas production is running at full speed.</p>
<p><b>UK</b></p>	<p>Many companies made use of the national furlough schemes and government aid has limited the number of layoffs.</p>



- **UPDATED Finance**

## Printing industry turnover Source: Eurostat

### Index of turnover for printing and reproduction of recorded media

Short-term indicators are published by Eurostat as indexes which show the changes of the indicator in comparison with a fixed reference year (2015).

Turnover index (2015=100) (seasonally and calendar adjusted)	September 2020 index	% change Sept 2020/Sept 2019	% change Sept 2020/Sept 2018	% change 3Q 2020/ 3Q 2019
Austria	77,1	-13,3%	-16,6%	-17,5%
Belgium	88,8	-6,9%	-11,7%	-13,4%
Bulgaria	97,2	-8,9%	-1,8%	-13,1%
Czechia	102,1	-10,9%	-8,4%	-10,1%
Denmark	88,0	-7,7%	-10,1%	-12,8%
Estonia	92,4	-10,1%	-13,2%	-13,0%
Finland	74,9	-11,4%	-17,1%	-14,8%
France	85,0	-10,9%	-11,6%	-18,1%
Germany	78,1	-12,8%	-20,4%	-14,8%
Greece	94,8	-5,6%	-2,4%	-7,7%
Hungary	107,9	-4,6%	2,8%	-2,7%
Italy	92,4	-12,7%	-8,4%	-15,5%
Latvia	122,1	3,2%	8,2%	-2,9%
Lithuania	112,6	-7,0%	-1,3%	-8,3%
Netherlands	78,5	-14,4%	-20,0%	-18,4%
Poland	113,1	-6,2%	-2,7%	-7,1%
Portugal	110,2	-5,1%	-3,1%	-15,7%
Romania	141,5	11,8%	23,4%	-3,8%
Spain	87,6	-8,5%	-10,5%	-15,1%
EU-27	97,1	-0,2%	-2,6%	-13,4%
Sweden	80,6	-13,4%	-15,4%	-11,5%
United Kingdom	78,7	-27,3%	-25,1%	-23,8%
Norway	75,8	-10,1%	-16,2%	-15,0%

*Data not available for Croatia, Cyprus, Ireland, Luxembourg, Malta, Slovakia, Slovenia, Switzerland.*

For flexographic printing (the main technology for flexible packaging), mergers and acquisitions are expected to increase, as cash-rich companies seek to grow and expand again. Commercial print associations are expecting a wave of bankruptcies towards the end of 2020 or the beginning of 2021 when most government funding across Europe will cease.

COUNTRY	IMPACT ON FINANCES
<b>BULGARIA</b>	The state has allocated considerable targeted financial resources for individual industries, and for print it has been decided that the taxation of books and textbooks will be 9% VAT, and not 20% as before. Thus, from the start of Q3 2020 there was a revival and we reached more optimal levels of production – but nevertheless 30% lower than in previous years.
<b>DENMARK</b>	In connection with the Danish economic aid packages, it has been possible to recuperate previously paid VAT, which has increased liquidity in the industry. Only a few companies express that they have a need for more liquidity, and due to that cannot borrow from the banks. Only a few companies have gone bankrupt or closed so far.

<b>ESTONIA</b>	<p>The economy has declined 5.5 %, unemployment rate is 7.5%. There were temporary subsidies for companies to continue paying salaries (for 2 months when turnover dropped 30%, and for 1 additional month if turnover was dropped 50%, period March to June 2020). There were temporary subsidies for companies to continue to pay salaries (for 2 months when turnover was dropped 30%, and for 1 additional month if turnover was dropped 50%, for the period March to June 2020). There were no subsidies specifically for the printing sector. The government measures are based on loans for companies. Companies have difficulty financing the investments needed for the future (Green Deal, digitalisation, automatization, resource-efficient production etc.)</p>
<b>FINLAND</b>	<p>After most of the restrictions were lifted in June, revenues started to increase, however, still far from the pre-crisis level. The worst drop was in May, with a decrease of 32.2%. Now, with COVID cases have gone up, the confidence indicators are falling again. We expect that the total turnover in 2020 will be 16-19 % lower compared to 2019.</p> <p>So far, the printing sector has received around 0.5M€ from the government. Only 21% of the printing companies that applied for the support where accepted. Mainly because the turnover had to go down a minimum of 30% compared to last year to get the support and most companies where just under the threshold. Some companies have also received support from the innovation fund to develop new products and services and the government has provided loan guarantees for the companies to survive. We expect to see bankrupts and mergers and acquisitions later. So far, the companies have managed quite well with their cash-flow, mainly thanks to loans and furloughs.</p>
<b>UPDATED GERMANY</b>	<p>A survey carried out by the German printing association (bvd) in November found that German printers expect a total reduction in turnover for 2020 of over 25%. They found that almost all companies (90%) are still affected by declines / cancellations of orders, around 60 percent of which are severe. Although this is less than in June or April and 10 percent no longer reported any impairments. 40% do not expect a normal business environment for at least 9 months from now.</p> <p>47% of companies are facing production issues, due to restrictions on staff (quarantining, social distancing). Additionally, partial lockdown, which started in November, has aggravated the business situation of most companies, though it is also necessary to mention that 23 % of all companies (preponderantly active in printed packaging and printed label divisions) are estimating an increase or a stagnation of their turnover in November.</p> <p>Up to now, there is no sign of a rise of bankruptcies as the number of COVID cases remains low. In July, only 6 insolvencies were declared. However, the business situation of most companies is strongly under pressure and insolvencies might rise in the fourth quarter of this year, albeit a change in the legislation is allowing overly indebted companies to hold off from filing for insolvency until the end of 2020. The number of bankruptcies will significantly increase with end of this legislation (start of 2021).</p> <p>Some banks have become more cautious in their lending policy. Additionally, some companies are concerned about increasing prices for insurance policies of commercial</p>

	credit insurances. Companies are trying to make savings, in particular by postponing investments (75%) and cancelling investments (63%); in June it was 55% and 27% respectively.
<b>ITALY</b>	In the first 6 months 2020 compared to the first 6 months 2019, production decreased by 12.7%, while turnover dropped by almost 20% (-19.4%). The decrease in production was more intense for advertising and commercial printed jobs (-17.2%) and magazines (-17%), but moderate for books (-2.2%). In Q1 2020, the value of print exports decreased (-22%), due to the strong slowdown in international trade, with a decrease for exports of all main products: books (-14,7%), magazines (-18,1% and especially advertising and commercial printed jobs (-33,3%).
<b>LUXEMBOURG</b>	<p>Business planning is not feasible for many companies, either in the short or long term, due to the persistence of the pandemic and economic uncertainty. The printing sector was not recognised as a vulnerable sector, which meant that short-time working only applied for the months of March - June (period of the crisis state).</p> <p>The Luxembourgish printing association (AMIL) therefore decided with the social partners to establish a job maintenance plan, through which companies could choose between different measures, including short-time working.</p> <p>A survey conducted among AMIL member companies after the confinement shows that the companies have suffered sharp losses in turnover. Most companies have reported a loss of more than 50% of turnover since 15.03.2020 (beginning of lockdown). On average, companies lost 60 of 100 customer contracts resulting from event cancellations. Most companies have indicated that they will not need 100% of their workforce after lockdown.</p> <p>There are two sources of funding available for companies. Both aids cannot be claimed at the same time.</p> <ul style="list-style-type: none"> <li>• "<i>Fonds de relance et de solidarité pour entreprises</i>" is an aid in favour of the tourism, events, culture, and entertainment sectors. It takes the form of monthly capital grants and extends over a four-month period from December 2020 to March 2021. To be eligible, the company must have suffered a loss in monthly turnover of at least 25%. It is calculated based on the number of employees and self-employed workers of the company. The amount of the subsidy is 1.250€ per self-employed person and per employee in activity during the month for which the aid is requested, respectively 250€/ employee who is fully short-time working during the month for which the aid is requested.</li> <li>• Monthly capital grants are available. They are calculated based on uncovered costs to businesses that, during all or part of the period between November 1, 2020 and March 30, 2021, will have suffered a loss of at least 40% in monthly sales compared to the corresponding month of 2019. The amount of aid may not exceed 20.000€/month for a microenterprise, 100.000€/month for a small enterprise and 200.000€/month for a medium and large enterprise.</li> </ul>
<b>NETHERLANDS</b>	32.6% of companies have applied for special tax deferral measures. When member companies of the Dutch printing association (KVGGO) were asked the extent to which there was a loss of turnover in July 2020 compared to July 2019, 41% of companies

<p>reported losses up to 25%. 31.4% reported losses of between 25% and 50%. 3.4% reported losses of between 75% and 100%. The same question for August 2020 compared to August 2019 gave the results of 37.7% of companies reporting losses of 5%-25%; and 29.7% of companies reported losses of between 25% and 50%. 2.4% reported the highest losses (75%-100%). When asked about September 2020 compared to September 2019, the companies reported 5%-25% turnover losses rise to 39.4% of companies. Almost 50% of companies expect this level of loss in Q4 2020. 31.4% expect 25%-50% loss.</p>
---

#### 4. Impact on infrastructure and services

The ramifications of this crisis, especially the problems pertaining to a salient paucity of inputs, has raised awareness for a problem which was originally evoked by the shift of production facilities to China. Some companies are contemplating about re-shifting these facilities back to Europe.

#### 5. Public support: what type of public measures would the sector need, in particular at the EU level

- Advertising restrictions

At EU level, the European Commission must ensure that the Member States do not introduce **discriminatory laws against printed advertising**. For instance, restrictions on unaddressed advertisements (or door-drops) are a core business for commercial printers. We witness increased pressure in certain Member States to regulate for an 'opt-in' approach – whereby consumers would need to indicate if they want to receive advertisements in the mail. This would not only impact shops and businesses using this advertising method but severely hit the printing industry. The use of advertising, particularly unaddressed advertising for local shops, will be key for European businesses to return to normal trading.

- Packaging

In the same vein, the Commission must be cautious when it comes to restrictions on packaging. On the one hand, the crisis has shone a light on the practicalities and hygienic qualities of plastic packaging. Anti-bacterial packaging is a key innovation to watch. On the other, the printed packaging sector was the most resilient of the printing industry during 2020, due to the increased pressure on the medical and food supply chains. This must be protected to ensure the flow of essential goods to citizens.

We recognise the problem of packaging pollution and support any measures to tackle it. **We urge the Commission to keep sustainability as the goal**. This means that new restrictions must have the real effect of reducing the environmental impact of packaging, rather than simply introducing targets for certain substrates. Life cycle analyses of reusable packaging or 'loose' goods must be carefully analysed. Consumer behaviour and the waste industry must be at the heart of the solution. Printers, too, are a key part of the circular economy, and innovation is happening at a pace never seen before. Water-based inks, lightweight, easily recyclable materials, in-house recycling, and reuse of industrial packaging are all being used now at their own initiative.

- False environmental claims

We welcome the European Commission's new Consumer Agenda and focus on greenwashing. Whilst digital services have been indispensable during the pandemic, and many printers would not survive without the digital services they provide, the environmental impact of this cannot be dismissed. High energy use and e-waste are serious issues and cannot be sold as a green solution. We support the Commission in the aim of **cracking down on false environmental claims**.

- Sustainable timber

We would also like to stress the importance of including print products (CN 49) in the EU Timber Regulation. This will ensure a **level-playing field** vis-à-vis imports from third countries as well as helping to fight the placing of printed products containing illegally sourced wood on the European market.

- Consumer behaviour and the economy

As was indicated in survey carried out by EuroConsumers<sup>6</sup> over the summer, consumers are struggling to get back to normality. This has a strong impact on the economy and for Europeans trying to adjust to the "new normal". Consumers need to be reassured that they can resume normal activities whilst staying safe. One way in which the European Commission can support the printing industry is by **ensuring myths about contracting the virus on surfaces do not go unchecked**. We welcome the reassurance from the European Central Bank<sup>7</sup> which has said that "Overall, banknotes do not represent a particularly significant risk of infection compared with other kinds of surface that people come into contact with in daily life." Security printing, bank notes and IDs, is a good example of how print supports the wider economy and society. This important market cannot be undermined by untrue claims which are circulating.

**Print and the health of the economy are co-dependent – but despite this the size and significance of our industry are sometimes not recognised.** We urge the European Commission to ensure that this **majority-SME sector** survives the winter and continues to be the economy's support system beyond this pandemic.

---

<sup>6</sup>

[https://assets.ctfassets.net/iapmw8ie3ije/5UhZGo64oGaE9VX0C5ZLOa/8f7d83a92889e15460dcb1aab87b423a/Euroconsumers\\_Press\\_release\\_EU\\_Citizens\\_struggling\\_to\\_get\\_back\\_to\\_normality\\_post\\_COVID19\\_lock\\_down.pdf](https://assets.ctfassets.net/iapmw8ie3ije/5UhZGo64oGaE9VX0C5ZLOa/8f7d83a92889e15460dcb1aab87b423a/Euroconsumers_Press_release_EU_Citizens_struggling_to_get_back_to_normality_post_COVID19_lock_down.pdf)

<sup>7</sup> <https://www.ecb.europa.eu/press/blog/date/2020/html/ecb.blog200428~328d7ca065.en.html>