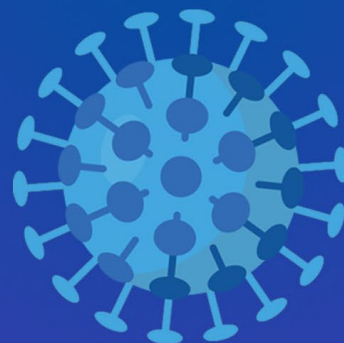




European
Commission

EU CORONAVIRUS RESPONSE



March 2020
#coronavirus



“The Coronavirus pandemic is testing us all. This is not only an unprecedented challenge for our healthcare systems, but also a major shock for our economies. The important economic package announced today deal with the situation of today. We stand ready to do more as the situation evolves. We will do whatever is necessary to support the Europeans and the European economy.”

President Ursula von der Leyen

COVID-19 is a severe public health emergency for our citizens, societies and economies with infections in all Member States. It is also a major economic shock to the EU. We must respond together to slow down the contagion, gain time for our health care systems to help those in need and for progress in research and development. The Commission will use all the tools at its disposal for the European economy to weather this storm:

1 Ensuring solidarity in the Single Market



Medical equipment and medicines

National measures must pursue the primary objective of health protection in a spirit of European solidarity and cooperation. The Commission is taking necessary steps to ensure adequate supply of protective equipment and medicines across Europe.



Aviation

The Commission is proposing targeted legislation to temporarily alleviate airlines from their slot usage obligations under EU law.



Tourism

The Commission is liaising with Member States, international authorities and key EU professional associations to monitor the situation and coordinate support measures.

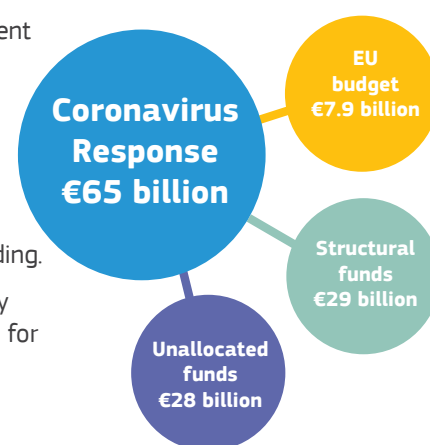
2 Mobilising the EU budget and the European Investment Bank

- **Liquidity measures to help hard-hit SMEs.**
- The Commission will make available **€1 billion** in an EU budget guarantee to the European Investment Fund (EIF) via the European Fund for Strategic Investments (EFSI).
- With the backing of the EU budget guarantee, the EIF will provide liquidity and guarantees to banks, mobilising **€8 billion** in working capital financing. This will help **at least 100,000 SMEs** and small mid-caps.
- Credit holidays (delayed repayments of loans) to help affected companies alleviate the strain on their finances.

The Coronavirus Response Investment Initiative

The Commission proposes to direct **€37 billion** under European Structural Investment Fund (ESIF) to fight the Coronavirus crisis. This involves relinquishing this year its obligation to request refunding of unspent pre-financing for ESIF currently held by Member States. This amounts to **€7.9 billion** from the EU budget which Member States will be able to use to supplement **€29 billion** of structural funding across the EU. This will effectively increase the amount of investment in 2020. Additional **€28 billion** of as of yet unallocated structural funds should be fully eligible for fighting the crisis thereby providing Member States with the needed sources of funding.

As part of this, the Commission is proposing to extend the scope of the EU Solidarity Fund by also including a public health crisis within its scope, to mobilise it if needed for the hardest hit Member States. Up to **€800 million** is available in 2020.



3 State aid

The main fiscal response to the Coronavirus will come from Member States' national budgets. EU State aid rules enable Member States to take swift and effective action to support citizens and companies, in particular SMEs, facing economic difficulties due to the COVID-19 outbreak.

The Commission has put in place all necessary procedural facilitations to enable a swift Commission approval process of State aid notification.

4 Liquidity to the Banking Sector

The EU framework allows national governments to provide, where appropriate, in the form of state guarantees, support to banks, if they themselves experience difficulties in accessing liquidity – which is not currently the case.

5 Flexibility of the European Fiscal Framework

The Commission will apply the full flexibility of the EU fiscal framework to help Member States address the crisis. Specifically, it will:

- Accommodate exceptional spending to counter the Coronavirus when assessing compliance with the EU fiscal rules.
- Adapt the fiscal efforts required from Member States, taking into account their country-specific situations in case of negative growth or large drops in activity.

The Commission stands ready to propose to the Council that the Union institutions activate the general crisis clause to accommodate a more general fiscal policy support.