



COVID-19: Commission sets out European coordinated response to counter the economic impact of the Coronavirus*

Brussels, 13 March 2020

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. The Commission therefore presents today an immediate response to mitigate the socio-economic impact of the COVID-19 outbreak, centred on a European coordinated response.

The Commission will use all the instruments at its disposal to mitigate the consequences of the pandemic, in particular:

- To ensure the necessary supplies to our health systems by preserving the integrity of the Single Market and of production and distribution of value chains;
- To support people so that income and jobs are not affected disproportionately and to avoid permanent effect of this crisis;
- To support firms and ensure that the liquidity of our financial sector can continue to support the economy
- And to allow Member States to act decisively in a coordinated way, through using the full flexibility of our State Aid and Stability and Growth Pact Frameworks.

President of the European Commission, Ursula **von der Leyen**, said: *"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."*

State aid Framework Flexibility

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.

Member States can design ample support measures in line with existing EU rules. First, they can decide to take measures, such as wage subsidies, suspension of payments of corporate and value added taxes or social contributions. In addition, Member States can grant financial support directly to consumers, for example for cancelled services or tickets that are not reimbursed by the operators concerned. Also, EU State aid rules enable Member States to help companies cope with liquidity shortages and needing urgent rescue aid. Article 107(2)(b) TFEU enables Member States to compensate companies for the damage directly caused by exceptional occurrences, including measures in sectors such as aviation and tourism.

Currently, the impact of the COVID-19 outbreak in Italy is of a nature and scale that allows the use of Article 107(3)(b) TFEU. This enables the Commission to approve additional national support measures to remedy a serious disturbance to the economy of a Member State.

The Commission's assessment for the use of Article 107(3)b for other Member States will take a similar approach. The Commission is preparing a special legal framework under Article 107(3)(b) TFEU to adopt in case of need.

The Commission stands ready to work with all Member States to ensure that possible national support measures to tackle the outbreak of the COVID-19 virus can be put in place in a timely manner.

European Fiscal Framework Flexibility

The Commission will propose to the Council to apply the full flexibility provided for in the EU fiscal framework so that they can implement the measures needed to contain the coronavirus outbreak and mitigate its negative socio-economic effects.

First, the Commission considers that the COVID-19 pandemic qualifies as an "unusual events outside the control of government". This allows accommodating exceptional spending to contain the COVID-19 outbreak such as health care expenditure and targeted relief measures for firms and workers.

Second, the Commission will recommend adjusting the fiscal efforts required from Member States in case of negative growth or large drops in activity.

Finally, the Commission stands ready to propose to the Council to activate the general escape clause to accommodate a more general fiscal policy support. This clause would – in cooperation with the Council – suspend the fiscal adjustment recommended by the Council in case of a severe economic downturn in the euro area or the EU as a whole.

Ensuring solidarity in the Single Market

Only with solidarity and Europe-wide coordinated solution, we will be able to effectively manage this public health emergency. Solidarity is key in this crisis, in particular to ensure that essential goods, necessary to mitigate the health risks of the outbreak, can reach all those in need. It is essential to act together to secure production, stocking, availability and rational use of medical protective equipment and medicines in the EU, openly and transparently, rather than taking unilateral measures that restrict the free movement of essential healthcare goods.

The Commission is therefore taking all necessary steps to that end including by providing guidance for Member States on how to put in place adequate control mechanisms to ensure security of supply, and by launching an accelerated joint procurement procedure for these goods and issuing a recommendation on non CE-marked protective equipment.

The COVID-19 outbreak is having a major impact on our transport systems, given the close interlink of European supply chains, supported by an extensive network of freight services on land, at sea, and airborne. The Commission is working with Member States to ensure the flow of essential goods across land borders. The international and European aviation industry has been particularly hit. As announced by President von der Leyen on 10 March, to help ease the economic and ecological impact of the outbreak, the Commission is proposing today targeted legislation to temporarily alleviate airlines from the “use-it-or-lose-it” rule – whereby air carriers must use at least 80% of their airports slots within a given period in order to keep them within the corresponding period of the next year.

Finally, the Commission is liaising with Member States, international authorities and key EU professional associations to monitor the impact of the crisis on the tourism sector and coordinate support measures.

Mobilising the EU budget

To bring immediate relief to hard-hit SMEs, the EU budget will deploy its existing instruments to support these companies with liquidity, complementing measures taken at national level. In the coming weeks, EUR1 billion will be redirected from the EU budget as a guarantee to the European Investment Fund to incentivise banks to provide liquidity to SMEs and midcaps. This will help at least 100,000 European SMEs and small mid-caps with about EUR 8 billion of financing. We will also provide credit holidays to the existing debtors that are negatively affected.

Alleviating the impact on employment

We need to protect workers from unemployment and loss of income to avoid permanent effect. The Commission stands ready to support Member States in this, promoting, in particular short-time work schemes, upskilling and reskilling programmes that have proven effective in the past.

The Commission will furthermore accelerate the preparation of the legislative proposal for a European Unemployment Reinsurance Scheme aiming at supporting Member State policies that preserve jobs and skills.

Moreover, the Coronavirus Response Investment Initiative will facilitate the deployment of the European Social Fund – a fund geared towards supporting workers and healthcare.

The European Globalisation Adjustment Fund could also be mobilised to support dismissed workers and those self-employed under the conditions of the current and future Regulation. Up to €179 million is available in 2020.

Coronavirus Response Investment Initiative

Under this new initiative, the Commission proposes to direct EUR 37 billion under Cohesion policy to the fight against the Coronavirus crisis. To this effect, the Commission proposes to relinquish this year its obligation to request Member States to refund unspent pre-financing for the structural funds. This amounts to about EUR 8 billion from the EU budget, which Member States will be able to use to supplement EUR 29 billion of structural funding across the EU. This will effectively increase the amount of investment in 2020 and help to front-load the use of the as yet unallocated EUR 28 billion of cohesion policy funding within the 2014-2020 cohesion policy programmes. The Commission calls upon the European Parliament and the Council to swiftly approve this proposal, so that it can be adopted within the next two weeks.

In addition, the Commission is proposing to extend the scope of the EU Solidarity Fund by also including a public health crisis within its scope, in view of mobilising it if needed for the hardest hit Member States. Up to EUR 800 million is available in 2020. The European Globalisation Adjustment Fund has up to EUR175 million available in to mobilise support for dismissed workers and the self-employed.

For More Information

[MEMO: European Coordinated Response on Coronavirus – Questions and Answers](#)

[Factsheet: EU Coronavirus Response](#)

[Communication on the economic aspects of the COVID-19 crisis](#)

[Annex to the Communication on the economic aspects of the COVID-19 crisis](#)

[Proposal for a Regulation on COVID-19 Response Investment Initiative](#)

[Proposal for a Regulation on airport slots](#)

[Coronavirus website](#)

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