


**Aid for productive activity and
employment due to the effects
of coronavirus**

ACCIÓ

 **Generalitat
de Catalunya**

Connecta't a ACCIÓ
accio.gencat.cat



Measures implemented by the Government of Catalonia

ACCIÓ



Connecta't a ACCIÓ
accio.gencat.cat

Measures implemented by the Catalan Government I

(updated 07/05/2020)

- 1. The Government approves an [Emergency Employment Plan](#). 05/05/20.**
 - ✓ It has **59.29 million euros** and plans to **benefit 1,500 companies and 4,300 workers**.
 - ✓ This emergency plan is part of the Catalan Government urgent measures decree law.
 - ✓ The measures will support working people and groups at greater risk; self-employed people, small businesses as well as local administrations so they can strategically plan their economic recovery.
- 2. As well as the 1 billion euros from the Covid-19 loan and guarantee lines, the ICF (Catalan Finance Institute) and the European Commission are setting up a new funding solution - of 70 million euros and financed by the ERDF - [to finance the liquidity needs of Catalan SMEs](#) affected by the pandemic. 05/05/20.**
 - ✓ As for the amount of loans, it will range between 250,000 euros and 2 million euros. Regarding the loan term, companies can apply for loans for a maximum of 5 years, and with a grace period of up to 1 year included.
- 3. The Department of Labour, Social Affairs and Families is allocating 20 million euros for [emergency aid](#) to workers financially affected by Covid-19 who have not received unemployment benefits. 27/04/20.**
 - ✓ This financial support will be given as 200 euros in a single payment and must be used for food, pharmacy and other basic supplies.
 - ✓ It can be requested by workers affected by a Temporary Employment Regulation Plan, workers with a temporary contract who have been dismissed and self-employed people.
 - ✓ This is an aid package to deal with the immediate social effects of the health crisis and the Department estimates that about **300,000 people** can benefit from it.

Measures implemented by the Government of Catalonia II

(updated 30/04/2020)

4. **The Government approves an agreement that regulates funding of the financing line "ICF credit Covid-19", endowed with [700 million euros](#). 28/4/2020.**
 - ✓ This line has already been announced and is now up and running after a phase of analysis and approval.
5. **A credit line has been established of loans for the self-employed and businesses affected by the Covid-19, announced on March 12, amounting to €1 billion.**
 - ✓ **The ICF (Catalan Finance Institute) will now be able to provide loans directly to the self-employed and companies, with a limit of 700 million euros, with the aim of meeting liquidity needs and protecting jobs.**
 - **Maximum amount:** €2.5 million.
 - **Risk:** the Department of the Vice-Presidency and the Economy and Finance will assume 80% of the current risk of the loans.
 - **Credit payback limit:** maximum 5 years for the self-employed and SMEs, with the possibility of a grace period of up to 1 year. For the rest of companies, the maximum term will be of 4 years, with up to a year of grace included.
 - ✓ **In addition**, the ICF may guarantee the loans granted by financial institutions directly related to Covid-19. In this case, the guarantee issued by the ICF to the financial institutions will be a maximum of 80% of the principal and with a maximum of 5 million euros per company.
 - ✓ **Avalis de Catalunya will guarantee 100% of the loans made through financial institutions and the ICF, up to a limit of 300 million euros.** A new collaboration agreement with Avalis de Catalunya was also approved to boost access to guaranteed financing (€30 million to strengthen the solvency of the entity)

Measures implemented by the Government of Catalonia III

(updated 8/04/2020)

6. Approval of new economic and social measures to alleviate the effects of the coronavirus pandemic:

- ✓ Deferral of taxes on inheritance, sugary drinks, water and waste rates to help overcome the negative economic effects of Covid-19.
 - **New presentation and payment periods are approved for certain taxes, both regional and ceded to the Government of Catalonia**, that were suspended on March 14 due to the state of emergency declaration. In this way, the applicable regulations for those taxes that have special particularities in the filing and settlement deadlines are specified. New periods will be applied once the state of emergency is raised:
 - **Inheritance tax.** In the case of situations accrued before March 14, and for which the voluntary liquidation period has not yet ended, a new term is set, comprising the time of the regulatory period pending expiration adding two more months.
 - **Tax on packaged sugary drinks.** Self-assessment for the first quarter of 2020, initially scheduled for April 1 and 20, will be postponed for three months and will be due between July 1 and 20.
 - **Waste disposal rates.** Self-assessments for the first quarter of 2020 must be made within one month of the end of the alarm status.
 - **Water rates:**
 - Monthly self-assessments: For self-assessments that had to be submitted during the alarm status, the new submission deadline will be between 1 and 20 of the month following the end of the alarm status.
 - Quarterly self-assessments: those for the first quarter of 2020 are due between the 1st and 20th of July.
 - **During the months of April and May, the tax rate on the controlled disposal of industrial waste and construction waste is reduced by 50%.**

Measures implemented by the Government of Catalonia IV

(updated 7/04/2020)

- ✓ **Others:**
 - **New financial aids:** a benefit is created for the foster care of children separated from the family unit due to treatment or isolation measures that affect their parents.
 - **Public procurement:** Infraestructuras.cat is authorized to execute contracts with telecommunications operators for the deployment of fibre optics in those municipalities in Catalonia that currently have low or non-existent coverage levels in new generation networks.
- 7. Opening of a [one-stop digital window](#) for companies, workers and self-employed workers on the economic measures due to Coronavirus for queries and carry out paperwork as well as a [Virtual Marketplace](#) to connect companies and manufacturers from different points of the productive chain and thus promote collaboration between businesses.**
- 8. Temporary reduction in [water bills](#) to give liquidity to families and companies.**
 - Apply a 50% reduction of the water bills to all domestic users for two months (April and May).
 - Apply a 50% reduction in the rates paid by industries and other economic activities.

9. Urgent measures to mitigate the effects of the pandemic on the economy: aid for productive activity and employment

Tax Moratorium

- Moratorium on the deadlines for self-assessment payments and other payment of all local taxes and those ceded to the Catalan Government until the end of the alarm status decreed by the Spanish Government on March 14.

Help for the self-employed

- A grant of up to 2,000 euros is launched for those self-employed workers in activities ordered to close due to the coronavirus crisis, and who can demonstrate a drastic and involuntary reduction in their turnover.
- In order to access the grant, financial losses must be demonstrated in March 2020 and compared to the previous year. In the event that the worker has been affiliated to Special Scheme for Self-Employed Workers for less than one year, the average monthly turnover from the date of affiliation will be taken as a reference. The allocated funds for distribution are 7.5 million euros, and will be issued while these funds last.

Public procurement

- The Government wants to ensure that companies working for the Catalan Government continue to charge for their services and maintain employment, despite the fact that they cannot effectively provide the service. In this regard, the Catalan Government will be responsible for the employee salary costs and insurance policies of the affected companies from the moment the decree closed the different facilities. This includes contracts for cleaning, transport and school catering, special teaching and surveillance centres, and contracts for works and services tendered by the Catalan Government and its Public Sector.

Measures implemented by the Government of Catalonia VI



Administration

- The contracting committees may meet without being physically together, while respecting the transparency required by the Law on Public Sector Contracts. Furthermore, local authorities are authorised to use the emergency processing in the matter of contracting in certain cases, and the Catalan Government Centre for Technologies and Telecommunications (CTTI) to resort to emergency procedures in the supply of laptops, software licenses, extension of corporate network infrastructures, development and evolution of mobile applications serving citizens or others that are necessary to guarantee the provision of the services of the Catalan Government and its public sector while this state of emergency lasts.

Health

- The Catalan Epidemiological Emergency Surveillance Service will operate through a watch system that will be assigned, according to a rotation system, to the doctors and nursing staff attached to the Ministry of Public Health.

Transparency

- Petitions for access to public information can only be presented via electronic means.

Public transport

- The Government undertakes to study the impact of falling tariff revenues as a result of declining economic activity, and to include within economic forecasts the increase in expenses suffered by the different agents as a consequence of the need to have more personal and material resources.

10. 1,000 M€ credit line to improve liquidity in companies and mitigate the effect of Coronavirus SARS-CoV-2

- This will be performed through financial institutions guaranteed by the Catalan Finance Institute (ICF) or Avalis in Catalonia.
- The Government, via the ICF and Avalis, will assume 80% of the credit risk of each operation, and the financial institutions the remaining 20%.
- **Objective:** give liquidity to self-employed workers and business affected by Coronavirus.
- **Budget:** 750,000 million euros → initial provision of 187.5 million
- **Loan amounts:** Ranging from entre 50,000 euros to 2.5 million euros. Specifically, for loans from 50,000 to 1,000,000 million euros the guarantee will be provided by Avalis in Catalonia; while for loans above this amount and up to 2.5 million euros, the guarantee will be provided by the ICF.
- **Term:** companies can ask for loans for a maximum of 4 years with a 1 year grace period included.
- Additionally, **via the ICF, there are plans for a credit line of 10 million euros to finance cultural firms and organisations affected by COVID-19.**

11. Moratorium until September on the payment of the tourist stay tax.

- Payment will have to made up to the end of April, and the objective is to temporarily mitigate the expenses faced by sector companies.

Measures implemented by the Government of Catalonia VIII

12. Inclusion of Contingency Funds in the assumption of a sanitary crisis

- The Contingency Fund will be used for expenses not initially forecasted in the budget and that can arise throughout the fiscal year.

13. Reinforcement of the [Technical Office on Internationalisation Barriers](#) (OTBI)

- Expert advice on responding to limitations such as restrictions on mobility and concentrations of people and any others that may appear. This advice is exclusively restricted to matters related to export issues.

14. Creation of the [ACCIÓ Virtual Desk](#)

- A pioneering service to ensure ongoing service to companies during the emergency period caused by SARS-CoV-2.



The launch of a second package of economic measures of more sectoral and specific scope is expected, and which will be approved in the coming days.



Measures implemented by the Spanish Government

ACCIÓ

 **Generalitat
de Catalunya**

Connecta't a ACCIÓ
accio.gencat.cat

Main measures on a central government level I

(updated 14/5/2020)



- **NEW: (12/05/20)** The Council of Ministers approves the decree to [extend the Temporary Employment Regulation Plan](#) due to force majeure derived from the Covid-19 until June 30.
 - ✓ The decree includes the option for Temporary Employment Regulation Plans to be extended. But this will depend on a **tripartite monitoring commission** that will analyse the easing of the lockdown process every fortnight to assess whether there are sectors that need longer management of Temporary Employment Regulation Plans.
 - ✓ The release from **Social Security** contributions in May and June for these Temporary Employment Regulation Plans remains:
 - Temporary rebates from **45% to 85% in quotas**.
 - ✓ The decree clarifies that the requirement to **maintain places of work for six months** in companies that have benefited from these temporary regulations is limited to affected workers and not the entire workforce.

Main measures on a central government level II

(updated 30/4/2020)



- The Spanish Government gives maximum flexibility to arrangements with creditors in order to avoid company bankruptcy. (28/04/20). It approves a Royal Decree-law that gives flexibility to the terms and procedures in the arrangement, refinancing and liquidity to help companies.
- The Spanish Government approves a [de-escalation plan](#) that will be extended to the end of June (28/04/2020).
 - ✓ Phases:
 - **Preparatory phase:** measures allowing children to go out for an hour and so that adults can go out to exercise, opening of premises and establishments by appointment and restaurants with takeaway service, without consumption on the premises.
 - **Initial phase:** opening of retail businesses under strict security conditions, except for shopping centres. In restaurants, opening terraces with 30% occupancy limitations will be possible and in the hospitality industry - hotels and tourist accommodation - excluding common areas. Permission for medium intensity training in professional leagues.
 - **Intermediate phase:** indoor areas of premises will be opened only for the service of tables, with separation between them and at a third of capacity. The school year will begin in September in general. Cinemas, theatres and auditoriums will reopen at a third of their capacity with pre-allocated seats.
 - **Advanced phase:** mobility will be made more flexible but the use the mask outside the home and on public transport will still be recommended. Retail business will limit capacity to 50% and a minimum distance of two meters between people will be set. In the restaurants, the restrictions of capacity and occupation will be slightly relaxed.
 - ✓ **There will be no mobility between provinces** or islands (except for some exceptions) until the new normal is reached.
 - ✓ The minimum period will be of **2 weeks per phase**. Each province will advance at its own rhythm. Moving from one phase to another will depend on health system capacity, epidemiological situation, protective measures in public spaces and mobility and

social-economic data.

Main measures on a central government level III (updated 22/4/2020)



- The Spanish government asks for an extension of the state of emergency until May 10th and approves [30 additional measures to give support to the general population and businesses \(21/04/2020\)](#), the main ones being:
- Coverage of unemployment benefit for workers laid off during the trial period of a new job.
- The tax bases are adjusted to the economic situation, freeing up 1.1 billion euros of liquidity for companies, in particular SMEs and the self-employed.
- VAT applicable to the supply of medical supplies from national manufacturers to public, non-profit and hospital centres is reduced to 0%, with a saving of more than 1 billion euros.
- VAT on electronic books, magazines and newspapers is also reduced to bring it into line with that applicable to paper versions.
- The ICO Guarantee Line of 100,000 million euros will cover company promissory notes and strengthen the mutual guarantee societies of the Autonomous Communities.
- The Insurance Compensation Consortium is authorised to act as a reinsurer of credit insurance risks, which will strengthen the channelling of resources for commercial credit.
- The scope of the Temporary Employment Regulation Plan (ERTEs) is increased due to force majeure to cover significant falls in activity in those sectors considered essential that have also seen their revenues reduced.
- The preferred working from home system is extended by two months, as well as the right to adapt schedules and reduce daily working hours.
- A system renegotiation and deferral of the rental payments for business premises is established.

Main measures on a central government level IV (updated 21/4/2020)



- Notary fees for novation of non-mortgage loans are reduced.
- Flexibility measures are taken to adjust regulations concerning certain sectors and activities to the current situation, including those relating to ports, university research, technology centres, agricultural workers and cooperatives.
- A sports foundation is set up with funds from the sale of audio-visual football rights to help finance and provide stability to federated, Olympic and Paralympic sports.

Approval (14/04/2020) of the [deferral of the payment of quarterly taxes](#) (VAT, Income Tax and Corporate) until May 20 for SMEs and self-employed, with a turnover of less than 600,000 euros (this will affect 3.4 million of taxpayers, 95% of companies and self-employed that had to file their tax returns in April)

- **The state of emergency is extended to April 26.**

- **New package of 50 measures (31/03/2020) to increase protection to the most vulnerable groups, companies and self-employed. In the economic area mention must be made of:**

- **Extension of the economic measures already taken earlier**, up to one month after the end of the state of emergency.
- **Moratorium of up to six months for the payment of obligations** (self-employed and corporate Social Security quotas) and the deferral of social quotas to be paid in April at a reduced interest rate of 0,5%
- **Flexibility in contracts for electricity and gas supplies for self-employed workers and companies** and in administrative deadlines and procedures for companies.

Main measures on a central government level V (updated 01/4/2020)



- **People affected by the Temporary Employment Regulation Plan (ERTE) are allowed to redeem pension plans without having to pay taxes, both in the case of workers, company owners and/or self-employed workers who cease their activity due to Covid-19.**
- **Companies with a scheme of arrangement for creditors, affected by Covid-19, will be able to opt for a Temporary Employment Regulation Plan (ERTE), if this facilitates their viability. They must commit to keep their workforce six months from the moment activity resumes.**
- **Payment of interests and amortizations on loans will be suspended for a year for entrepreneurs (especially in the tourist sector).**
- **Self-employed workers are included – whose activity has been suspended due to the state of emergency or who have seen a reduction in turnover – in the moratorium of previously approved mortgages.**
- **A system of public microcredits (through the ICO) is created, without commissions or interest, to cover the rent of habitual residences. This can apply to the unemployed, workers affected by cuts or reductions in working hours, and self-employed workers whose income has been reduced.**
- **The Ministry of Industry, Trade and Tourism will streamline and facilitate the processing of their financial aid, while the Institute of Foreign Credit (ICEX) will return to companies those costs derived from their participation in trade fairs organised by this agency that have been cancelled.**
- **Unemployment benefit for temporary workers who have been unemployed without the right to receive benefits and for domestic workers who have had to stop providing their services, in whole or in part, or whose contract expired after the declaration of the state of emergency**
- **Extendable moratorium of 3 months in the payment of personal loans.**

Main measures on a central government level VI (updated 30/3/2020)



A decree (29/03/2020) ordering the mandatory closure of all economic activities not considered essential.

(work can be maintained in essential industrial activities, the export and import activities and those industrial activities which are not essential can maintain a minimum essential activity)

- Approval of the Royal Decree-Law 10/2020, of March 29, which regulates a **paid leave, to be recuperated, [for those workers who do not perform essential services](#) with the objective of reducing mobility within the population.** These workers will not have to go to their place of work from March 30 to April 9.

Adoption (27/03/2020) of a [new packet of measures](#) to mitigate the effects of the Coronavirus.

Noteworthy, in the labour sector:

- **Extraordinary measures for the protection of employment - temporary ban on firing workers for objective reasons - economic, technological, organizational and production - and force majeure.**
- **Extension of temporary contracts that expire during the state of emergency.**

Public Procurement:

- It is established **that public procurement to deal with COVID-19 will be handled following emergency procedures**, as well as specific measures to speed up contracting during the health crisis, particularly in the international aspect.

Main measures on a central government level VII (updated 06/04/2020)



Guarantee liquidity for companies and self-employed workers (also to maintain productive activity and employment), with the creation of a line of guarantees and public backing (24/03/2020)

- **Approval of the third tranche of the ICO guarantee line (05/05/2020) to prevent credit restriction** (up to 24 billion euros, the rest of the tranches will be automatically activated once the second one is exhausted). **Characteristics :**
 - **Budget:** up to **€ 100,000 million** → now the second tranche of € 20 billion is activated, 50% of which will be reserved to guarantee loans to self-employed workers and SMEs (**€ 10 billion**).
 - **Beneficiaries: companies and self-employed persons** who were not in arrears on December 31, 2019 and in bankruptcy proceedings before March 17. Guarantees are retroactive and may be applied for transactions formalized after the coming into force of the Royal Decree-Law 8/20, of March 18.
 - **Amount: the guarantee will guarantee 80% of the new loans and renewals of transactions requested by self-employed workers and SMEs.** For the rest of the companies, 70% of the new loan granted and 60% of the renovations.
 - **Validity:** The issued guarantee will be valid for the term of the loan granted, with a maximum term of 5 years.
 - **Guarantee cost:** Between 20 and 100 basis points, it will be borne by the financial institutions.
 - **Closing date:** Interested companies and self-employed workers can apply for the guarantee for their operations until September 30, 2020. To do this, they can contact the financial institutions with which the ICO has already set up a collaboration agreement

Main measures on a central government level VIII (updated 17/3/2020)



Approval of [Royal Decree-Law 7/2020](#), of 12 March, which contains the following measures:

Protection of employment and vulnerable groups

- **Salaried workers can adapt or reduce their working hours by up to 100%** to meet the conciliation and care needs resulting from this crisis.
- **Telecommuting** is established as the **main measure of flexibility** when circumstances permit.
- Temporary workforce adjustments will be promoted through the **flexibility of Temporary Employment Regulation Plans (ERTO)**. ERTOS caused by the Coronavirus crisis will be considered force majeure and workers will be entitled to the contributory unemployment benefit, even if they do not meet the required prior contribution requirement. Receiving this benefit will affect future collection of unemployment benefits.
- In the case of ERTOS, the employer will be exonerated from the company provision to Social Security contributions.
- For the self-employed, **access to the cessation of activity is simplified so that they can quickly receive benefits** in the event of economic difficulty.
- **€600 million for the provision of basic services to the Autonomous Regions and local authorities to guarantee the supply of energy, water and telecommunications**, of which € 300 million will come from the surplus of local authorities.
- **€ 17 billion for vulnerable groups** (the main part of this amount is still unspecified).
- **Moratorium on mortgage payments for the most vulnerable.**

Main measures on a central government level IX (updated 17/3/2020)



Improvement in liquidity of companies

- **Creation of a line of guarantees and public guarantees up to 100 billion euros** (this would generate between 150,000 and 200,000 million euros. The state will be the guarantor of the operations).
- **Approval of additional €2 billion guarantee lines for exporting companies**, with more easily accessible procedures, especially favouring small and medium-sized businesses.

Public procurement

- **The Public Administrations will help their contracting companies to mitigate the consequences of COVID-19 on public sector contracts.** A specific system of suspension of public contracts will be established, with extension of terms and compensation of wages, in order to avoid the termination of contracts and the subsequent loss of employment.

Foreign Investment

- Reform of foreign investment regulations to prevent companies from countries outside the European Union being able to control more than 10% of Spanish entities in strategic sectors (energy, transport, telecommunications, aerospace, financial, etc.), taking advantage of the temporary drop in the value of their shares during this economic crisis.

Health and research

- €30M for the CSIC and Instituto de Salud Carlos III (ISCIII) for Coronavirus vaccine research.

Other measures on a central government level X (prior to 17/03/2020)



- **Flexibility as regards deferral of payment of taxes over a six month period**, upon request, with rebates in interest rates to avoid possible cashflow tensions in self-employed workers and small and medium-sized businesses. This will add up to €14 billion in liquidity.
- **Specific line of financing through the Official Credit Institute for 400 million euros (with the Decree of 17/03 it can be extended to 10 billion euros *)** to meet the liquidity needs of companies and self-employed workers in the tourism sector, as well as related activities that are being affected by the current situation.
- **Deferral of the repayment of loans** granted by the General Secretariat of Industry and Small and Medium-Sized Enterprises.
- **Extension of Social Security rebates** for permanent discontinuous contracts made between February and June in the tourism, trade and hospitality sectors linked to tourism activity.
- The European Commission has been requested to allow the Spanish slot coordinator, AECFA, **not to apply the rule governing the use of slots for the coming seasons**. This exemption would allow airlines to not be penalized in the future for having reduced their flights in the current circumstances.
- **Compensation for employees not teleworking.**
- **Making the productive capacity in the field of sanitary equipment available to the Central Government**

- *The main features of this line are:*

- *Amount: up to €500,000*
- *Term: 1, 2, 3 and 4 years (with 1 year of exemption on capital).*
- *Interest rate: Fixed rate of 1.50%*

- *Modality: Loan (with guarantee of 50% of the State - Secretariat of Tourism)*

- *Intervention with a public notary will not be mandatory.*

- *This line of credit does not cover all sectors; eligible companies are self-employed in sectors such as: tourism, education, passenger transportation, recreational, leisure and entertainment activities. The rest of the lines have yet to be developed.*

NEW: CDTI measures (updated 19/03/2020)



The Ministry of Science (Royal Decree of March 18), through the CDTI (Centre for the Development of Industrial Technology), has launched a **plan of extraordinary measures for the innovation of companies** → aimed at alleviating the slowdown in activity, protecting employment in the field of R&D&i and maintaining competitiveness in innovative activity. Among other measures, these are:

- **Guarantees for applying for grants for R&D&i projects are eliminated.**
- **Project handling and approval processes are accelerated (fast-track).**
- **The LIC-A (Expansion Hotline) instrument is being expanded throughout the country (as of April).**
- **Justification periods for partially reimbursable aid are streamlined.**

The volume of aid mobilized could reach 500 million euros

- **Measures taken previously :**
- **March 17, 2020:** Extension of the justification periods for the partially reimbursable grants of the CDTI → extending to one month the justification periods for projects whose expiration occurs during the period of the alarm status.
- **March 16, 2020:** suspension of the calculation of administrative terms in the CDTI → due to the Coronavirus, the calculation of terms in the processing of administrative procedures of the CDTI in the period of the alarm status is suspended. This affects especially the call for "missions" currently open.



Measures implemented by the European Union

ACCIÓ



Generalitat
de Catalunya

Connecta't a ACCIÓ
accio.gencat.cat

Main EU measures I (updated 15/05/2020)



- **NEW (08/05/20) – Brussels approves the entrance of state capital into companies.**
 - ✓ Establishing that the maximum period states can participate in a company's capital will be six years.
- **The EU promotes the European start-up industry (28/04/20).**
 - ✓ The European Commission is developing different programmes to cover the lack of institutional investors in the venture capital sector.
- **The Commission approves a [banking package](#) to facilitate loans to EU homes and businesses (28/04/20).**
 - ✓ The goal is to guarantee that banks can continue to offer loans in order to bolster the economy and to help mitigate the significant economic repercussions of the Coronavirus pandemic.
 - ✓ This package includes:
 - Interpretative Communication on the EU accounting and prudential frameworks.
 - Specific “quick fix” modifications of the EU banking regulations.
 - ✓ The Communication reminds that EU norms allow banks and their supervisors to act flexibly, albeit responsibly, during economic crisis.
 - ✓ The Rules also installs changes to maximise the capacity of credit entities to issue loans and absorb losses related to the pandemic.

Main EU measures II (updated 14/05/2020)



The Eurogroup outlines the details of the [recovery fund](#) (NEW: 08/05/2020). Finally, 240 billion euros is available as of June 1. 24 billion euros is the amount corresponding to Spain (2% of GDP). This fund is for expenses directly or indirectly related to the health bill. Ten-year loans with low interest rates. → Setting up of a reconstruction fund (23/04/2020) for the most affected countries.

- The idea is to issue debt with a EU budget guarantee and raise funds in the financial markets which will then be distributed in a mixture of loans and grants - mobilizing up to 2 trillion euros.
- To finance the new plan, the EU envisages the creation of a temporary recovery and resilience instrument, endowed with 300 billion euros.
- The EU is finalising a rule that will allow States to take a share in company capital, both listed and unlisted, thus avoiding distortions in competition and asymmetries in the internal market.
- The European Parliament (PE) demands a [major package of recuperation and a solidarity fund](#) (of at least 50 billion euros) (17/04/2020) → showing support for to issuing “recovery bonds” guaranteed by the EU budget, but without involving debt mutualisation, and instead focused on future investment.
- Joint statement for the presidents of the European Commission and Council
 - ✓ New [road map](#) (and Action Plan) with guidelines, criteria and measures to ensure the coordinated exit of containment measures in the different Member States (common criteria).
 - ✓ Strategic Debate, within the framework of the Council meeting on April 23.

Main EU measures III (updated 14/04/2020)



- Eurogroup agreement (09/04/2020) to dedicate 500 billion euros through three different channels and create a triple safety net for governments, companies and workers:
 - **Governments: € 240 billion in loans from the European Stability Mechanism (MEDE), without economic conditionality → the creation of a Recovery Fund will also be explored.**
Countries that need help will be able to request funding of up to 2% of their GDP (25 billion in the case of Spain) at low interest rates, but only to cover covid 19-related healthcare expenses.
 - **Companies (mainly SMEs): 200 billion from the European Investment Bank (EIB), based on the guarantees of the Member States (25 billion).**
 - **Workers: 100 billion euros of the new employment fund** proposed by the European Commission ([SURE](#)), based on guarantees that Member States will have to provide. This fund will be temporary for the duration of the emergency.

We must also add the commitment to **work on a "Recovery Plan"** to boost investment and support the reconstruction of the European economy - a **proposal to double the EU budget** (up to 2% of gross national income) . The current budget, of € 153,620 million in 2020, is 0.904% of the GNI of the 27 member countries.

- **The European Commission** has unlocked (06/04/2020) [€1 billion from the European Strategic Investment Fund](#) which will act as a financing guarantee provided by the **European Investment Fund (EIF)** and in total will **mobilize €8 billion for 100,000 SME.**
- **The Commission** (08/04/2020) together with the European Investment Fund **sets up the [ESCALAR programme](#)**, which will allow innovative companies to increase their investment capacity in venture capital funds and investment capital

Main EU measures IV (updated 03/04/2020)



- **Brussels lowers (06/04/2020) rates for respirators and masks** → suspension of tariffs and VAT on certain medical equipment imported from outside the European Union by the pandemic.
- (01/04/2020) **President von der Leyen's initiative to help Europeans during the coronavirus crisis.** They include different measures, among others:
 - ✓ **Fight against unemployment with the SURE Initiative (state-supported short-time work)** → **funds of €100,000 million** (contribution of €25 billion, jointly and in proportion to their gross national income, of the 27 Member States as guarantees) **to cover unemployment benefits** (through a system of loans*), with a clear commitment **to part-time work with state support.**
 - In Spain these loans will be used to, for example, finance the Temporary Employment Regulation Plans (ERTO).
 - ✓ **Ensure liquidity for SMEs with a Pan-European Guarantee Fund with which to inject money into European companies** (via BEI).
 - ✓ **Providing immediate liquidity with a line of credit called Rapid Financing Instrument, with €80 billion (within the MEDE framework)** → this would be available for up to 12 months, with a provision for each country proportional to its share in the capital of the Rescue Fund or linked to factors such as the severity of the pandemic or the crisis. The duration of the credits would be between 3 and 5 years.
 - ✓ This could represent, for Spain, up to 9,440 million euros.

Main EU measures V (updated 03/04/2020)



- **€2.7 billion from the EU budget for the healthcare sector (emergency aid instrument)**, validated yesterday by the European Council (14/04/2020) immediately. We must also add the reserve of medical equipment called rescEU, with a budget of 380 million euros.
- The European Commission (03/04/2020) has adopted an **amendment extending the [Temporary Framework](#)** adopted on March 19 with the aim of **speeding up Member States' research, testing and production of Coronavirus-related products**:
 - ✓ Support for coronavirus R&D.
 - ✓ Support for the construction and improvement of test laboratories.
 - ✓ Support for the manufacture of products to combat coronavirus outbreak.
 - ✓ Specific support in the form of postponing tax payments or suspensions of contributions to the Social Security.
 - ✓ Specific support in the form of wage subsidies for workers.
- **The EU approves (30/03/2020) releasing €37 billion of the Community budget from the cohesion funds to fight coronavirus** (under the Coronavirus Response Investment Initiative - CRII-) → amount available to national governments to help SMEs pay salaries and bills, buy medical supplies and have liquidity.

Main EU measures VI (updated 24/03/2020)



- **Deficit limit** (23/03/2020): the EU has activated the [safeguard clause](#) and **suspended its deficit limits** within the framework of the Stability and Growth Pact, the set of EU tax rules, **so that the Member States can increase their public spending** to combat the coronavirus situation.
- **EU funding for 13 pharmaceutical companies in the fight against coronavirus** (3/24/2020): €45M for R&D in international laboratories aimed at finding a treatment.
- **Medical Equipment Emergency Reserve** (03/19/2020): This reserve was created and consists of medical equipment, such as: respirators, protective masks, vaccines, laboratory supplies, etc. to help EU countries in the context of the pandemic.
- **Approval of a temporary time frame** (19/03/2020) of state aid measures to support the economy. This framework provides for 5 types of aid that can be granted by the Member States:
 - ✓ Direct grants, selective tax benefits, and prepayments.
 - ✓ State guarantees for loans made to companies by banks.
 - ✓ Public subsidized corporate loans.
 - ✓ Safeguards for banks that channel state aid to the real economy.
 - ✓ Short-term export credit insurance.

Main EU measures VII (updated 24/03/2020)



- **Transport (3/18/2020):** Urgent measures are being rolled out to protect freight traffic, secure supplies and mitigate the impact of the coronavirus on the transport sector. States are being given a free hand to rescue airlines (as France is doing, for example).
- **First measures taken (16/03/2020):**
 - ✓ €25,000 million to support the health sector, SMEs, the labour market and support the most vulnerable sectors.
 - ✓ Emergency plan for the eurozone with a liquidity of 1.2 trillion euros.
 - ✓ Green light so governments can inject public aid to save businesses affected by the coronavirus (up to €800.00 per company through public subsidies or tax benefits). It also opens the door to state-guaranteed bank loans.
 - ✓ Help businesses subsidising interest rates to get them money at a cheaper price (distinguishing between interest rates for SMEs or larger companies).

Main EU measures VIII (updated 14/04/2020)

- NEW (20/04/2020): The ECB presses for the creation of a bad bank in the eurozone.
- **Summary on ECB actions: (14/04/2020) the ECB has, so far, intervened in three levels:**
- Giving **liquidity to banks** at highly favourable conditions.
 - ✓ **The ECB reduces requirements on banks so they can provide all possible credits** → the ECB is willing to accept riskier guarantees and increase the amount of loans that banks can provide to small and medium-sized enterprises (although demand has been reduced) to ensure that liquidity remains adequate for the financial system (it has already performed 4 auctions).
- It has given banks flexibility by allowing them to use the **capital buffers** they had built in order to continue to lend and finance businesses and families.
 - ✓ **Granting financial institutions greater flexibility in the use of capital** → they can use existing reserves of 120 billion to absorb losses or to finance up to 1.8 trillion euros. The flexibility will be total for loans with public guarantees.
- It has expanded its **monetary policy operations**. In 2020, **€1.1 trillion** will be used to purchase assets, mainly public debt, to avoid fragmentation of the eurozone. Of this money, between 120 and 130 billion will be for Spain.
 - ✓ **The ECB's Pandemic Emergency Purchase Program (PEPP) (20/03/2020) of €750 billion*** (6% of the Eurozone's GDP) in public and private assets (public and corporate bonds), **which enable reduction in debt cost** (programme in effect until the end of the year) → governments thus secure funding for their stimulus plans. The purchasing programme will be proportionate to the size of each economy



Main measures on an EU level IX (updated 31/03/2020)



Other ECB news:

- **Banks are urged to not pay dividends this year.**
- **Reduce the requirements for provisions for bad loans covered by public guarantees and soften plans to reduce the default rate.**
- **Bond purchase plan by the ECB (23/03/2020).**
- **Coordination between central banks** with swap lines agreements to guarantee liquidity.
- Approval (9/4/2020) of the creation of a [European Guarantee Fund of 25 billion euros](#) by the Member States, acting as a guarantee for giving up to 200 billion euros in loans to companies, with special focus on SMEs.



Proposal (16/03/2020) to [mobilise 40 billion euros in funding](#) to alleviate liquidity problems due to COVID-19. The institution urges European governments to establish an additional guarantee.

ACCIÓ

Passeig de Gràcia, 129
08008 Barcelona
www.accio.gencat.cat
www.catalonia.com
[@accio_cat](#)
[@catalonia_ti](#)

ACCIÓ



Generalitat
de Catalunya

Connecta't a ACCIÓ
accio.gencat.cat