

EU economic contingency measures in light of COVID-19

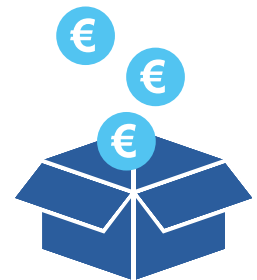
This factsheet gives an overview of the contingency measures the European Commission has taken to encourage EU member states to spend all the money needed to support their national economies. The European Union does not directly provide funding to European businesses, but it creates an economic and fiscal framework in which member states receive direct liquidity from the budget and can benefit from temporarily flexible EU rules.

Measures adopted so far:



The European Commission established the **Coronavirus Response Investment Initiative** worth €37 billion. This emergency fund makes available financial reserves from the European Structural and Investment Funds to fight the consequences of COVID-19. **Member states are encouraged to prioritize financial support for health care, labor market and SMEs.** The money is made available to member states in March and April 2020 and it **differs** per country.

The European Commission **extended the scope of the EU Solidary Fund**. The amendment makes it possible for the fund to be used for support to member states in a **state of emergency related to public health**. Financial support can amount to up to €800 million in 2020.



On 19 March, the European Commission **adopted a Temporary Framework for state aid**. This framework gives flexibility to member states in their state aid offers. **It allows for five types of state aid:** direct grants of up to 800.000 to companies, state guarantees on loans, subsidized public loans with low interest rates, safeguards for banks that channel state aid to the real economy and short-term export credit insurance. A request must be filed at the national level, the Commission assesses the request through an accelerated procedure.

On 20 March, the European Commission **adopted a proposal to trigger the general escape clause of the Stability and Growth Pact (SGP)**. This means that member states can invest money into their economies, without being bound to the maximum budget deficit of 3% that is normally agreed under the SGP.



On 16 March, the **European Investment Bank (EIB) announced it will mobilize €40 billion** to limit the direct economic consequences of COVID-19. Apart from that, the EIB proposed to invest an additional €200 billion on guarantee loans. The guarantee scheme insures loans of commercial and public banks and is meant to support SMEs.

National e-commerce associations and e-merchants are advised to reach out to their national authorities for further guidance on the measures that are being implemented.