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Marcin Piętak
Radny Sejmiku
Województwa Świętokrzyskiego

**Interpelacja do Marszałka Województwa
za pośrednictwem Przewodniczącego Sejmiku**

Na podstawie art. 23 ust. 5-9 ustawy o samorządzie województwa, składam interpelację o następującej treści:

Z uwagi na zaistniałe zagrożenie chorobą COVID-19 wywołaną koronawirusem SARS-CoV-2, która spowodowała poważny kryzys w gospodarce szczególnie w branży turystycznej i okołoturystycznej (eventowej, targowej, transportowej), zwracam się z prośbą o rozważenie powołania Zespołu Kryzysowego przy Marszałku Województwa Świętokrzyskiego. Potrzebne jest bowiem realne wsparcie ze strony samorządu województwa w utrzymaniu płynności przedsiębiorstw, w tym branży turystycznej i okołoturystycznej, co z kolei umożliwi choć częściowe utrzymanie miejsc pracy w turystyce.

Zespół Kryzysowy byłby zaangażowany w przygotowanie konkretnych zapisów w Programie Wsparcia uwzględniających realne potrzeby przedsiębiorców branży turystycznej, w oparciu o możliwości i zasoby finansowe będące w dyspozycji samorządu województwa, w tym fundusze europejskie dedykowane na ten cel. Skupiałby przedstawicieli wiodących firm i stowarzyszeń branżowych, w tym Regionalnej Organizacji Turystycznej Województwa Świętokrzyskiego (ROT) oraz oddziału świętokrzyskiego Izby Gospodarczej Hotelarstwa Polskiego (IGHP).

Obserwuję z uwagą działalność w tym zakresie sztabu kryzysowego przy Ministerstwie Rozwoju i uważam, iż taki dialog jest niezbędny aby ewentualne propozycje mogły uratować nasze firmy w regionie.

Zwracam się ponadto z prośbą o przekazanie informacji dotyczących wysokości pozostałych, niezakontraktowanych środków z Unii Europejskiej w ramach Regionalnego Programu Operacyjnego na lata 2014-2020, pozostających w dyspozycji Urzędu Marszałkowskiego, również tych alokowanych na działania w ramach ogłoszonych konkursów.

Według wytycznych Komisji Europejskiej opublikowanych w dn. 13/03/2020 (update 18/08/2020 - w załączeniu) - to właśnie środki regionalne (ERF) mają być przekierowane na działania bezpośrednio wspomagające płynność przedsiębiorstw (w tym turystycznych).

Ze względu na dynamicznie zmieniającą się sytuację w kraju, będę wdzięczny za szybkie przygotowanie danych.

Z poważaniem

Marcin Piętak

European Coordinated Response on Coronavirus: Questions and Answers

Brussels, 13 March 2020

Ensuring solidarity in the Single Market

What is the Commission doing to ensure adequate supply of protective equipment and medicines across Europe?

The Commission is taking all necessary steps to ensure adequate supply of protective equipment across Europe. Given current global shortages, the Commission launched an accelerated joint procurement procedure with 26 Member States. As a further safety net, the Commission is adopting an extension to the existing implementing act under the EU Civil Protection Mechanism (rescEU) for the Union to buy such equipment. This could lead to first purchases by beginning of April, if approved by Member States. The Commission is also putting forward a Commission Recommendation on the conformity assessment and market surveillance procedures within the context of the COVID-19. This will enable, in particular, to increase the supply of certain types of Personal Protective Equipment (PPE) such as disposable facemasks to civil protection authorities, even if it is not CE-marked, without compromising our health and safety standards.

The Commission is in contact with Member States and industry in order to have reliable information on the supply of protective equipment. The Commission has requested to receive information on a weekly basis on the available stock of Personal Protective Equipment (PPE), the available production capacity on territories and anticipated needs.

The Commission is also discussing other alternatives with industry, such as textile companies reconverting to produce protective equipment.

How is the Commission ensuring that the single market is not disrupted by national restrictive measures on personal protective equipment?

In a short time span, restrictions have spread to an increasing range of products, starting with Personal Protective Equipment and extending more recently to medicines. Restrictions to exports ignore integrated supply chains. They create bottlenecks to production of essential supplies by locking inputs in specific Member States. They disrupt logistics and distribution chains, which rely on central warehouses. They encourage stockpiling responses in the supply chain. Ultimately, they reintroduce internal borders at a time where solidarity between Member States is the most needed and they put obstacles to the effective protection of the health and lives of all.

The Commission is assessing these measures as a matter of urgency and discussing with Member States the changes needed to ensure that protective material can reach those who need it. It is also publishing guidance for Member States on how to put in place adequate control mechanisms to ensure security of supply across Europe, 'Commission Guidance on EU rules and common objectives regarding measures on export adopted in the context of the Covid-19 crisis.'

Any planned national measure restricting access to medical and protective equipment must be discussed with the Commission and with the other Member States. The measures so far notified to the Commission have been assessed with regard to ensuring that essential goods reach those who need them the most. The Commission is treating these cases as a matter of priority and supports Member States to correct any such measure. Certain first-mover Member States have already indicated acceptance of the Commission's requests to amend their measures to ensure that vital equipment is available to those who need it most, throughout the EU, such as healthcare staff, intervention teams and patients. The Commission is pursuing all outstanding cases. In case Member States do not sufficiently adapt their rules, the Commission will take legal action.

How is the Commission ensuring support to Italy when it comes to supply of personal protective equipment?

The Commission is fully aware of the critical situation in Italy. The violent spread of the virus determined the current lack of availability of necessary medical protective equipment. The situation is exacerbated by the fact that several Member States have adopted/are adopting national measures, such as export bans, which seriously disrupt the already strained supply chain. The Commission has therefore insisted that Member States refrain from adopting/implementing such untargeted national measures and requested that they cooperate for implementation of an effective EU-wide approach, based on solidarity among Member States.

What are the current EU rules on airport slots and why should they be temporarily adjusted?

Under current European rules, air carriers wanting to secure the same airport slots for the following year must use at least 80% of the slots allocated to them within the current scheduling period – the so-called 'use-it-or-lose-it' rule.

Due to the extraordinary decline in passenger demand, which is expected to continue in the coming weeks, slot usage will be below the 80% threshold imposed by EU rules for the winter 2019-2020 and summer 2020 scheduling periods. In the absence of any measures to suspend this rule in the current circumstances, air carriers are likely to continue operating 'ghost flights' in order to protect their rights. This would exacerbate financial losses and have an unnecessary impact on the environment.

To allow airlines to adjust their capacity in view of falling demand caused by the outbreak, and to protect the financial health of airlines as well as the environment, the Commission has made a proposal to introduce a temporary suspension of these slot usage rules.

What period will the waiver cover?

The waiver will cover the period 1 March 2020 until 30 June 2020, and can be extended if necessary.

Have such measures already been introduced in the past?

Similar measures were adopted in the past, including in 2001 after the tragic September 11 attacks, and in 2003 during the SARS outbreak.

How are other transport sectors affected?

Land-based supply chains have been affected by the introduction of bans at land borders, or restrictions on drivers. Continued and uninterrupted maritime services are of key strategic importance for trade to and from the whole EU, with 75% of goods arriving to the EU by sea, and 30% of intra EU trade going on vessels. This is especially critical for island Member States, which depend entirely on shipping routes to secure their supplies.

This is why the Commission is coordinating action with Member States to ensure the continued flow of goods and functioning the internal market. A video conference will take place with all Transport Ministers on 18 March to discuss, among other urgent transport-related matters linked to the COVID-19 epidemic, also these aspects.

What is the Commission doing to help tourism?

In order to monitor the problem and assess impacts and risks, the Commission is in constant contact with Member States' ministries responsible for tourism, specialised international organisations (United Nations World Tourism Organisation and Organisation for Economic Co-operation and Development) and the EU industry.

In addition, the Commission sets up, in cooperation with the European Travel Commission, an ad hoc network of European tourism and travel industry associations to exchange information and assess impacts in real time to support the European Coronavirus Response team.

Concretely and among other things, the Commission provided the sector and the Member States with a legal analysis on the application of the Package Travel Directive (PTD).

The Commission announced on 10 March liquidity support measures to relieve hard-hit SMEs. Tourism SMEs should benefit under these measures, especially in Member States where tourism contributes significantly to the national economies.

Mobilising the EU Budget

What liquidity measures are you providing together with the European Investment Bank Group?

The Commission will make available €1 billion from the EU budget to act as a guarantee to the European Investment Fund, via its existing programmes COSME and Innovfin. With the backing of the additional EU guarantee, the European Investment Fund will incentivise the banks to provide liquidity to SMEs and midcaps. This is expected to mobilise €8 billion of working capital financing and support at least 100,000 small and medium-sized businesses and small mid-cap companies in the EU.

How much of the €1 billion is fresh money?

€1 billion is being redeployed from parts of the EU budget guarantee (the EFSI) that was foreseen for longer-term projects and other objectives. It will now be used to finance the more urgent liquidity needs of affected SMEs.

How quickly can you make these liquidity measures available? Do you need to change the EFSI Regulation?

The increase to the budget guarantee to the EIF can be made available in the coming weeks. The banks can benefit from the additional liquidity from April 2020, allowing them to increase their support SMEs. This does not require any amendment to the EFSI Regulation, simply an amendment of the EFSI Agreement between EIB and the Commission which can happen quickly.

Alleviating the impact on employment

What is the EU doing to protect workers affected by coronavirus?

We need to protect workers from unemployment and loss of income where possible. The EU stands ready to support Member States where possible in alleviating the impact on workers.

The EU budget assists workers in preventing and tackling unemployment for instance through structural funds. The European Social Fund, in particular, through the new Coronavirus Response Investment Initiative, can provide vital support to measures fighting the covid-19 outbreak. It can provide support to healthcare, for example, funding protective equipment, medical devices, disease preventive measures or measures to ensure access to healthcare for the most vulnerable groups. Moreover, it can support national schemes, which help to cushion the impact of the outbreak in combination with upskilling and reskilling during the programming period.

The Commission will accelerate its work on the legislative proposal for a European Unemployment Reinsurance Scheme. This initiative aims to support those in work and protect those who have lost their jobs in case of large shocks, as well as to reduce pressure on national public finances, thus strengthening the social dimension of Europe. The scheme would in particular be geared towards supporting national policies that aim at preserving jobs and skills, for instance through short-time work schemes, and/or facilitating the transition of unemployed people from one job to another.

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

Some Member States have already introduced temporary measures, such as reduction of working hours while supporting income, extending the terms of sick pay, and promoting remote working. These measures do not come under EU law. The Commission is confident that national authorities are putting a priority on public health considerations.

What is the objective of the EU Coronavirus Response Investment Initiative?

The Coronavirus Response Investment Initiative will seek to mobilise all existing EU budget resources to provide financial support to Member States for their immediate response to the Coronavirus crisis and its long-term impact. This includes advancing payments, redirecting cohesion funds and assisting Member States in channelling money where is most needed as quickly as possible.

To make money available for fighting the crisis, the Commission is proposing to mobilise quickly cash reserves from the European Structural and Investment Funds (ESIF) – the EU's cohesion money. This will provide immediate liquidity to Member States' budgets. The will help to frontload the use of the as yet unallocated EUR 37 billion of cohesion policy funding within the 2014-2020 cohesion policy programmes, thus providing a much needed boost to economic investments.

The Commission is also making all Coronavirus crisis related expenditure eligible under cohesion policy rules. It will also be applying the rules for cohesion spending with maximum flexibility, thus enabling Member States to use the funds to finance crisis-related action. This also means providing greater flexibility for countries to reallocate financial resources, making sure the money is spent in the areas of greatest need: the health sector, support for SMEs, and the labour market.

Finally, the Commission is proposing to enlarge the scope of the EU Solidarity Fund – the EU tool to support countries hit by natural disasters – to support Member States in this extraordinary situation.

The overarching objective is to use the full portfolio of funding options under the EU budget to support EU Member States - with maximum flexibility, minimum additional administrative work and as quickly as possible.

What does the Coronavirus Response Investment Initiative consist of?

The Coronavirus Response Investment Initiative makes sure that Member States can make best use of EU budget money to address the corona crisis related impacts. All possible means – within the existing EU budget – will be used to support EU countries in their handling of this unprecedented situation.

It consists of three main elements:

1) *€37 billion of European public investment*

In order to quickly direct €37 billion of European public investment to address the impacts of the Coronavirus crisis, the Commission proposes not to request Member States to reimburse unspent pre-financing for the European Structural and Investment Funds for 2019. Member States would have normally needed to reimburse a total of about €8 billion of the unused pre-financing they received for 2019 by end-June 2020. They will now be allowed to hold onto this money, which will provide them with a liquidity buffer of about €8 billion enabling them to accelerate investments related to the COVID-19 outbreak.

Taking into account the average co-financing rates across Member States, these about €8 billion will be able, in combination with co-financing from the EU budget of some €29 billion, to trigger total EU budget support of €37 billion. This will not require any money from the national budgets and provide much needed liquidity to save lives, sustain companies and much more. Additionally, Member States will have the possibility to reallocate funding in a simple manner to make best use of any additional unallocated money under cohesion policy to address the Coronavirus crisis where the impacts are the highest.

In addition to alleviating Member States' public finances and supporting their healthcare systems in times of need, this measure will also help them to accelerate their unallocated cohesion policy funding spending. This will create overarching positive effects for the economy.

2) *Maximum flexibility in applying EU spending rules*

To make sure Member States can fully count on EU budget support to address the crisis, the Commission proposes to make Coronavirus related expenditure eligible under structural funds. This will allow healthcare costs to be eligible for reimbursement. For this, Member States will be able to:

- Use money from the European Regional Development Fund and the European Social Fund to invest in their healthcare systems: purchase of health and protective equipment, disease prevention, e-health, medical devices (including respirators, masks and similar), securing of the working environment in the health care sector and ensuring access to health care for the vulnerable groups.
- Use the European Regional Development Fund to help companies tackle short-term financial shocks linked to the Coronavirus crisis. This could for example include working capital in SMEs, with special attention to the sectors which are particularly hard hit by the crisis.
- Use the European Social Fund to temporarily support national short time working schemes which help cushion the impact of the shock.
- Use the European Maritime and Fisheries Fund to safeguard the income of fishermen and aquaculture farmers affected by the crisis.

As Member States still have up to €28 billion of structural funds from their 2014-2020 national envelopes not yet allocated to projects, they will be able to make use of the above additional flexibility to direct the use of this unused funding for fighting the crisis.

Furthermore, the Commission will be applying the rules on EU cohesion spending with maximum flexibility in order to speed up implementation on the ground. Through these measures, the Commission will make sure EU countries can use the full portfolio of funding options from the EU budget to address their current needs.

3) *Access to the EU Solidarity Fund*

As part of this initiative, the Commission is proposing to include public health crises in the emergencies that the EU Solidarity Fund finances. It currently helps Member States go through a range of different natural disasters including floods, forest fires, earthquakes, storms and drought.

Today's measure will make sure the hardest hit Member States could have access to additional support of up to €800 million.

The Commission will be ready to provide administrative support to the Member States, if needed.

Is this fresh money?*

With the Coronavirus Response Investment Initiative, the European Commission is proposing to mobilise all existing EU budget resources in Cohesion to support Member States in their fight with the COVID-19 pandemic.

The roughly €8 billion has already been paid to Member States. EU countries will now be allowed to retain it to cover any Coronavirus-related costs. By matching it with money from the EU's cohesion funds, Member States will be able to direct an over three times bigger amount where it is most needed: to support the healthcare sector and to help those most affected by the crisis.

Will it be at the expense of cohesion policy?

Absolutely not. By making these amounts available now and in a flexible way, the Commission is making sure that the finances are being directed to where it is most needed.

In addition, the proposal would create conditions to accelerate the implementation of the EU's cohesion policy, directing the funds to where they are most needed. EU Member States would be able to use the proposed funds to finance their national co-financing for projects, which they would normally have had to provide from their national budgets. This would therefore reduce stress on their national budgets.

What is the timespan to spend the money?

The European Union is facing an unprecedented crisis, which requires an unprecedented response.

The Commission is putting forward its legislative proposal today. In view of the circumstances, the Commission is calling upon the European Parliament and the Council to approve swiftly this proposal, so that it can be adopted within the next two weeks. The size of the challenge requires a collective commensurate response.

In the meantime, the Commission has already set up a Task Force to coordinate work with Member States, identify their precise needs and assist them. This Task Force as well as the other services of the Commission will immediately reach out to those Member States most concerned and work with them to implement the measures under the initiative.

The goal is to put the money into an effective use as soon as possible, at the latest in the coming weeks. The Commission will spare no effort in making this happen.

Would standard cohesion policy rules apply or would you rather activate emergency clauses?

This proposal will be implemented through a modification of the rules under which the EU cohesion money is spent (the Common provisions regulation, the regulation for the European Regional Development Fund and for the European Maritime and Fisheries Fund).

If Member States need to modify their national operational programmes, the Commission will facilitate this work. The objective is to release and spend the money quickly.

What will be the distribution of money among Member States?

The national allocations will depend on the amounts which Member States were due to reimburse to the Commission this year. They depend on the size of the cohesion envelope and on the speed of implementation.

Indicative breakdown by Member State of investment volumes under the Coronavirus Response Investment Initiative*				**EUR million**
MS	**Amounts to be released as liquidity (1)**	**Corresponding EU budget (2)**	**Total Investment related to released liquidity (3)=(1)+(2)**	**Remaining amount of ESI Funds*** after CRII (including naional co-financing)**
Balgarija	122	690	812	546
Belgique-België	37	29	66	373
Ceska Republika	294	869	1.163	3.956
Danmark	18	20	38	47
Deutschland	328	498	826	1.906
Eesti	73	222	295	397
Ellada	355	1.421	1.776	0
España	1.161	2.984	4.145	7.086
France	312	338	650	1.311

Hrvatska	174	984	1.158	0
Ireland	1	1	3	0
Italia	853	1.465	2.318	8.945
Kypros	7	39	45	0
Latvija	118	674	792	0
Lietuva	222	1.264	1.487	0
Luxembourg (Grand-Duche)	1	1	2	0
Magyarország	855	4.748	5.603	0
Malta	9	39	48	0
Nederland	14	11	25	0
Österreich	13	6	19	25
Polska	1.125	6.310	7.435	0
Portugal	405	1.407	1.813	0
România	491	2.588	3.079	0
Slovenija	115	471	586	0
Slovenska Republica	527	1.948	2.475	146
Suomi/Finland	24	24	48	349
Sverige	23	23	46	460
Subtotal EU-27:	7.678	29.073	36.751	25.546
United Kingdom**	244	311	555	2.408
TOTAL:	**7.922**	**29.384**	**37.306**	**27.954**

* Interreg excluded. ESI Funds covered: ERDF, CF, ESF&YEI, EMFF

** According to the Withdrawal Agreement, the CPR applies to the UK until programme closure

*** For MS with no remaining amounts, this is due to project selection rate close to or exceeding 100% before CRII

The support from the EU Solidarity Fund will be decided on a case by case basis.

What do the numbers in the different columns mean?*

The table contains four columns:

- **The first column** contains the amounts of unspent pre-financing from the EU's cohesion funds that Member States would normally have to repay to the EU budget by the end of June 2020.
- **The second column** represents the co-financing from the EU budget that would be available if – as recommended by the Commission - the amounts of the first column are used to finance the response to the Coronavirus. The ratio between the first and the second column varies across Member States because co-financing rates also vary from one EU country to the other. In fact, they depend on the relative prosperity of EU Member States.
- **The third column** simply represents the sum of the first two. It reflects the total EU budget amount that Member States can use to fight the Coronavirus, without any additional fresh money from their national coffers.
- **The final column** represents any unused cohesion allocations per Member State beyond the amounts in the third column. Given that this is the last year of the current long-term EU budget (2014-2020), the amounts vary a lot across countries. As one can see in the table, some Member

States – for example Italy and Spain, which are currently the two EU countries most affected by the Coronavirus, still have significant uncommitted amounts on which they can rely under these extraordinary circumstances.

All in all, the amounts at the disposal of EU countries are significant and should provide a much-needed support in the time of the Coronavirus crisis.

Does this mean that the amounts do not reflect the actual needs of Member States?

The European Commission has designed and proposed the Coronavirus Response Investment Initiative to provide an immediate response given the urgency of the situation.

To that end, the tool seeks to make best use of the existing resources, currently under the EU's cohesion policy. The amounts under the Initiative therefore correspond to the EU cohesion money that Member States have not used. The design and launch of a dedicated and more targeted instrument would be more time consuming, which would not be of added value under the current circumstances. Given the significant financing needs in all Member States and the fast evolving situation where corona cases in all Member States are going up rapidly the Commission is confident that the resources will be highly relevant in all Member States.

Why did you initially announce €25 billion but are now talking about €37 billion?

It is good news that under the Coronavirus Response Investment Initiative Member States will have access to more money than initially announced.

The amounts referred to at the time of the initial announcement were conservative initial estimates for the EU as whole. They were partially based on a calculation of the average co-financing rate for cohesion policy across the EU.

The final figures are based on validated data for individual Member States. They take into account, for example, the actual co-financing rate of every Member State.

The use of the precise and validated figures has made it possible to arrive at a considerably higher total amount than initially estimated.

Will Member States have to reimburse these about €8 billion next year? How will this work?

The roughly €8 billion is money which Members States would normally have to reimburse to the EU budget by the end of June-2020. The Commission is now proposing that EU countries keep these funds until at least 2025 – the moment when the Commission will start closing the programmes under the 2014-2020 long-term EU budget. Provided the funds are fully spent in accordance with the relevant rules, Member States will not have to reimburse the funds.

Through this money, the Commission will be providing a huge liquidity injection to Member States at times of unprecedented situation. This money will make it easier for EU countries to use the EU cohesion funds to Coronavirus-related action. The move will also make sure Member States absorb to the maximum extent cohesion funds at their disposal.

State aid

How can Member States support companies affected by the COVID-19 outbreak, in line with EU State aid rules?

- Financial support from EU or national funds granted to health services or other public services to tackle the Covid-19 situation falls outside the scope of State aid control. The same applies to any public financial support given directly to citizens. Similarly, public support measures that are available to all companies such as for example wage subsidies and suspension of payments of corporate and value added taxes or social contributions do not fall under State aid control and do not require the Commission's approval under EU State aid rules. In all these cases, Member States can act immediately.

When State aid rules are applicable, Member States can design ample aid measures to support specific companies or sectors suffering from the consequences of the Covid-19 outbreak in line with the existing EU State aid framework. In this respect:

- EU State aid rules based on article 107(3)(c) TFEU enable Member States to meet acute liquidity needs and support companies facing bankruptcy due to the COVID-19 outbreak.
- Article 107(2)(b) TFEU enables Member States to compensate specific companies or specific sectors (in the form of schemes) for the damage directly caused by exceptional occurrences, such as those caused by the COVID-19 outbreak.
- This can be complemented by a variety of additional measures, such as under the de minimis Regulation and the General Block Exemption Regulation, which can also be put in place by Member States immediately, without involvement of the Commission.

How long will it take for the Commission to approve support measures planned by Member States?

The Commission put in place all necessary procedural facilitations to enable a swift Commission approval process, following the notification of national support measures by Member States. In particular:

Decisions will be taken within days of receiving a complete State aid notification from Member States, where necessary.

The Commission has set up a dedicated mailbox and telephone number to assist Member States with any queries they have.

The Commission stands ready to provide templates based on precedent decisions on below possibilities to grant aid to companies in line with existing EU State aid rules.

Are there special rules applicable to particularly critical situations, such as the one currently experienced by Italy?

In case of particularly severe economic situations, such as the one currently faced by Italy, EU State aid rules allow Member States to grant support to remedy a serious disturbance to their economy. This is foreseen under article 107(3)(b) TFEU. The Commission stands ready to work with Italy on additional measures that may be needed on this basis.

The Commission's assessment on whether other Member States would suffer for the same serious economic impact is ongoing. The Commission is constantly monitoring the situation across the EU, in close contact with Member States.

The Commission is preparing a special legal framework defining a concrete set of flexible support measures that could be applied on the basis of Article 107 (3)(b) TFEU in case of need. A similar framework was adopted in the past to address the 2008 financial crisis.

The banking sector

What is the role of the banking sector in view of the statements made by the European Central Bank (ECB) and the European Banking Authority (EBA)?

Banks in the EU are well capitalised and have liquidity buffers which can be used to address the impact of the COVID-19 outbreak. As banks play an essential role in financing households and businesses in the EU, it is essential that they can continue providing liquidity to the economy.

The Commission welcomes the measures taken by Member States to provide guarantees designed to support companies. The Commission also welcomes the statements made by the EBA and Single Supervisory Mechanism (SSM) and the calls for flexibility in the application of the prudential framework (i.e. capital and liquidity buffers, including Pillar 2 Guidance), as well as relief in the composition of Pillar 2 requirements. We invite supervisors to take a coordinated approach and to make full use of the flexibility of the EU supervisory framework.

Using the full flexibility of the European Fiscal Framework

How does the Commission intend to allow Member States use the full flexibility of the European Fiscal Framework?

The Commission will make full use of the flexibility that exists in the EU fiscal framework to help Member States to address the crisis.

The Stability and Growth Pact provides for the negative budgetary impact of an unusual event such as this pandemic to be taken into consideration. This concerns both the effects from slower economic growth and additional spending linked to addressing the outbreak.

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.

How will this be applied in practice? What are the next steps?

The Commission considers that the flexibility to cater for " unusual events outside the control of government" is applicable to the current situation, allowing Member States to temporarily depart from required fiscal adjustments.

Member States can submit a request for flexibility as part of the Stability Programmes, which lay out their fiscal plans for the next three years. The Stability Programmes will be presented in April 2020. The Commission will carry out a preliminary assessment of these requests under the "unusual event clause" once they have been submitted. In its assessment, the Commission will be mindful of the need of Member States to implement urgent measures to contain the epidemic, relieve health care systems and counter the negative socio-economic consequences of the outbreak.

The Commission's country-specific recommendations, to be issued later in spring, will also take into account the latest economic developments, adapting the fiscal efforts required from Member States where necessary to take into account the economic situation.

The recommended fiscal efforts will therefore take into account the country-specific situations, including the deterioration in economic activity, the exceptional expenditure and targeted relief measures.

The country specific recommendations will need to be approved by the Council.

What expenditure could be facilitated by providing this flexibility?

The Commission is aware of the significant costs that Member States will incur to implement the measures needed to contain the pandemic, support health care systems and counter the negative socio-economic consequences of the outbreak.

Spending on immediate containment measures may, for example, relate to the provision of medical equipment, increasing hospital capacity, civil protection measures and information campaigns.

Spending could also be directed towards providing support to workers, in particular the self-employed and companies in specific sectors and areas that face disruption of production or sales and are therefore affected by a liquidity squeeze, in particular SMEs.

Is the Commission concerned that the provision of flexibility will create risks to fiscal sustainability?

The Commission's first priority is to use all tools at its disposal to safeguard people's wellbeing and ensure that there is an effective immediate response to the coronavirus outbreak across the board. That is why it will support Member States using the full flexibility provided for in the fiscal framework to implement the urgent measures needed to contain the coronavirus outbreak and mitigate its negative socio-economic effects. This should lead, in turn, to a faster economic recovery, thereby limiting risks to fiscal sustainability over the longer term.

Our fiscal rules and our economic governance framework are well equipped to deal with the impact of the pandemic, without endangering fiscal sustainability in the medium term.

Europe's Economic and Monetary Union has been significantly overhauled since the economic and financial crisis. As a result, we are in a position to take the measures needed to provide an effective response to this crisis while preserving macroeconomic stability.

The Commission will continue to closely monitor developments and stands ready to take further actions in close coordination with Member States and the ECB.

*Updated on 18/03/2020

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Press contacts:

Eric MAMER (+32 2 299 40 73)
Dana SPINANT (+32 2 299 01 50)
Vivian LOONELA (+32 2 296 67 12)
Marta WIECZOREK (+32 2 295 81 97)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email