

## Overview of EUROCHAMBRES Release on the EU's Response to the COVID-19 Crisis

### European Commission funds:

- Commission to quickly direct €37bn of European public investment to address the crisis. Commission proposes to relinquish this year the obligation to request funding of recoveries of unspent pre-financing for the European Structural and Investment Funds for 2019 and to use this money for investments under the Coronavirus Response Investment Initiative (CRII).
- Commission sent a letter to Irish government (attached) outlining that **we will receive €4 million**
- Additionally, the Commission will pay the 2020 annual pre-financing to Ireland in two installments over March and early April, amounting to approx. **€29.1m.**

### Coronavirus Response Investment Mechanism:

- €37bn from European Structural and Investment Funds (originally set aside for ERDF, European Social Fund, Cohesion Fund, and the Maritime and Fisheries Fund, to be redirected to **healthcare** for investment in healthcare systems, purchase of PPE for member states, medical devices, etc.
- This Investment Mechanism will also be temporarily used to support national short time working schemes.

### Temporary changes to State Aid Rules:

- New changes by the Commission provides for 5 types of aid:
  1. Member states will be able to set up schemes to grant up to €800,000 per undertaking in the form of direct grants, repayable advances, tax or payments advantages.
  2. Member states to provide state guarantees to ensure banks keep providing loans to the customers who need them; limited to a maximum of 90% of the loan and 6 years of guarantee duration
  3. Member states to grant subsidised public loans to companies with favourable interest rates
  4. Safeguards for banks that channel State aid to the real economy – some member states plan to build on banks' existing lending capacities, and use them as a channel for support to SMEs in particular.

### European Central Bank:

- ECB to buy an additional €120bn of government and corporate bonds by the end of the year in order to increase demand, drive down market interest rates and reduce cost of borrowing.
- Other macro-prudential measures (expanding the scope of Additional Credit Claims to include claims related to the financing of the corporate sector, and launching a temporary asset Pandemic Emergency Purchase Programme) are expected to change the behaviour of the banking system, balance credit supply and demand, stabilise the potential rise of inflation in the Euro area and continue to support private consumption.

### European Investment Bank:

- EIB to make €1bn available from EU budget to guarantee the European Investment Fund (EIF) in the coming weeks to support approx. €8bn of working capital financing to help at least 100, 000 SMEs and small mid-caps.
- Credit holidays - allowing for delayed repayments of loans - to be implemented