



SURE: European instrument for temporary Support to mitigate Unemployment Risks in an Emergency

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COVID-19: EU economic response

- Temporary Framework for **State Aid Measures** (19 March)
- General escape clause of the **Stability and Growth Pact** activated (Council agreement on 23 March)
- Guidelines on the **free movement of workers** (30 March)
- **Coronavirus Response Investment Initiative**: CRII (in force since 1 April) and CRII Plus (in force since 22 April) provide utmost flexibility for Cohesion Policy Funds
- **SURE** (adopted on 19 May)
- **European roadmap to lifting coronavirus containment measures** (15 April)
- **OSHA guidance** for a safe return to the workplace (24 April)
- EU guidance on **resuming tourism** services (13 May)
- **Recovery Plan for Europe** (announced 28 May)
 - **Next Generation EU** (EUR 750bn, for 2021-2024)
 - A reinforced long-term **EU budget** (2021-2027)



Key principles

- Regulation 2020/672 of 19 May 2020
- Temporary instrument (exclusively for **COVID-19**)
- Solidarity between EU Member States (Art. 122 TFEU)
- Liquidity support complementary to EU Funds

Objectives

Purpose

Provide liquidity support for short-time work schemes and similar measures

Ultimate goals

- Preserve EU's economic structures
- Prevent long-lasting economic and social damage
- Favour a swift recovery



Immediate objectives

- Preserve jobs
- Sustain incomes
- Support companies
- Help the self-employed

Scope of support



- **Short-time work schemes**
(e.g. *Kurzarbeitergeld*, *Cassa integrazione guadagni*, *Activité partielle*, *Chômage temporaire*, *Expediente de regulación temporal de empleo*, ...)
- **Similar measures**
(e.g. temporary income support for self-employed)
- **Health-related measures**
(in particular at the workplace, e.g. protective equipment, testing of employees, etc.)

!! DOES NOT DIRECTLY FINANCE !!
THESE MEASURES

Key features of short-time work schemes

- Public programmes aimed at **avoiding** excessive **job destruction** in a downturn through a subsidised reduction of working time



Firms

- Reduced labour costs
- Increased flexibility
- No firing costs
- Human capital preserved



Workers

- Sustained incomes
- Lower unemployment risk
- More equal burden sharing



Society

- Lower unemployment
- Sustained consumption
- Faster resumption of economic activities



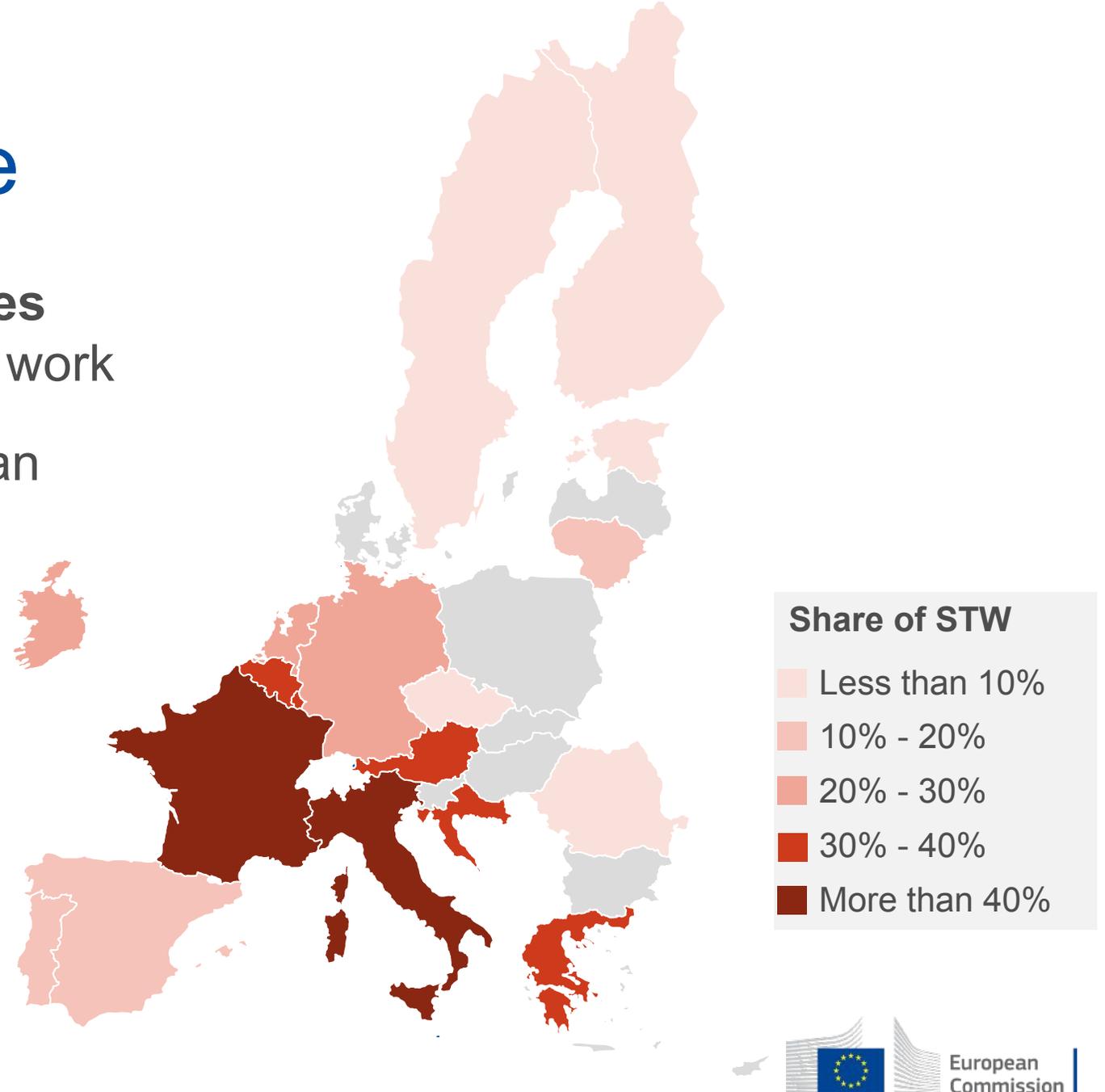
Effective tool to **keep the economy afloat** during lockdown

Unprecedented use

At end-April, **20-25% of employees** across the EU were on short-time work

(But strong variation: from less than 5%, to more than 40%)

- length of confinement period
- scheme already existing
- share of temporary employment
- incidence of 'contact-intense' occupations (e.g. services)



Financing mechanism

- **Lending scheme up to € 100 billion** underpinned by a **system of guarantees** from Member States.
- **Back-to-back loans: the EU borrows on the markets** by issuing bonds with low interest rates, and then **on-lends the proceed to the Member States concerned**.
- Lack of available funding under the **EU budget** □ **new system of voluntary national guarantees (€ 25 billion)**
- Acts as a 'bridge' to new MFF

Procedure



Member State

Request financial assistance

- *Provide evidence of severe increase in expenditure*

Commission

Assess application

- *Consult with MS*
- *Assess severe increase in expenditure*
- *Submit **proposal** to the Council*

Council

Issue decision

- *Terms of the loan (amount, maturity, pricing, ...)*
- *Assessment of compliance*
- *Description of national schemes eligible*

Commission

Disbursement, monitoring and reporting

- *Loan Agreement with MS*
- *Report every 6 months*