



The measures adopted by the European Union to support the business community in the context of the spread of the COVID-19 pandemic

The European business community is facing a period when uncertainty, financial difficulties and pressure are increasing due to the threats generated by the COVID-19 pandemic. In this unfortunate context, since the beginning of the pandemic, the Chamber of Commerce and Industry of Romania (CCIR) has been in direct dialogue with its members – the County Chambers of Commerce and Industry, with the governmental authorities and the organizations of which the CCIR is a member, especially with [EUROCHAMBRES](#), in order to exchange best practices, initiate and propose the best measures to reduce, as far as possible, the financial impact on business community in Romania and Europe affected by the coronavirus pandemic.

At European Union level, in recent weeks, the European Commission together with the other European institution have put forward a series of initiatives aimed at minimizing the financial and social impact caused by the pandemic, as well as mitigating the effects of the global slowdown.

On March 26, 2020, in an extraordinary plenary session, the [European Parliament adopted three urgent proposals](#) which will release funds for the Member States, in order to manage the economic and social consequences generated by the COVID-19 pandemic: (1) Corona Response Investment Initiative, (2) the extension of the EU Solidarity Fund and (3) Temporarily suspending EU rules on airport slots.

The adopted measures will be published in the Official Journal of the European Union on March 31 and will enter into force on April 1, 2020.

1) Corona Response Investment Initiative

[The initiative](#) will seek to mobilize all existing EU budget resources to provide financial support to Member States for their immediate response to the Coronavirus crisis. This includes advancing payments, redirecting cohesion funds and assisting Member States in channeling money where is most needed as quickly as possible.

The EU initiative will mobilize **37 billion Euros from the European Structural and Investment Funds** (ESIF) originally set aside for programs under the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF). Thus, 8 billion Euros comes from the unused pre-financing that the Member States received for 2019 and which should have been repaid by the end of June 2020, while 29 billion Euros represents the co-financing from the EU budget.

The use of structural funds will allow healthcare costs to be eligible for reimbursement. For this, Member States will be able to:

- 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 ESF to temporarily **support national short time working schemes**, which help cushion the impact of the shock;
- Use money from the ERDF and the ESF to **invest in their healthcare systems**: purchase of health and protective equipment, disease prevention, e-health, medical devices, securing of the working environment in the health care sector and ensuring access to health care for the vulnerable groups;
- Use the European Maritime and Fisheries Fund to safeguard the income of fishermen and aquaculture farmers affected by the crisis.

Therefore, to address the crisis caused by COVID-19, **the European Commission, through the EU Corona Response Investment Initiative, will direct to Romania [3,079 billion Euros](#)**, if the Romanian authorities will manage to mobilize all the money related to the European co-financing. Thus, 491 million Euros represents unused pre-financing from cohesion funds, an amount Romania would have had to repay to the EU budget by the end of June 2020 and 2,588 billion Euros – co-financing from the EU budget that will be available if – according to the Commission’s recommendations – the amount of 491 million Euros will be used to finance the response to coronavirus.

2) The extension of the EU Solidarity Fund

This legislative initiative extends the goal of the EU Solidarity Fund by also including **public** health crisis in the emergencies that the EU Solidarity Fund finances so that economic activity can resume in the disaster-stricken regions. Additional eligible operations are limited to public emergency operations, including assistance to the population in case of health crises, and measures to contain the further spreading of an infectious disease. For 2020 will be available [800 million Euros](#).

3) Temporarily suspending EU rules on airport slots

[This measure](#) will stop air carriers from operating empty flights during the pandemic. The temporary suspension means that airlines are not obliged to use their planned take-off and landing slots to keep them in the next corresponding season. The 'use it or lose it' rule will be waived for the whole summer season, from 29 March until 24 October 2020.

4) Other European measures taken in the context of COVID-19 pandemic

In addition to the measures taken by the European Union to mitigate the effects of this pandemic, the Commission announced that the European Globalization Adjustment Fund (EGF) could be mobilized to support dismissed workers and those self-employed with an amount of [175 million Euros](#).

[European Globalization Adjustment Fund](#) can be used only where a single company makes over 500 workers redundant, or if a large number of workers and laid off in a particular sector.

Thus, [EGF can co-finance projects](#) including measures such as: (a) help with looking for a job; (b) career advice; (c) education, training and re-training; (d) mentoring and coaching; (e) entrepreneurship and business creation.

EGF can also provide training allowances, mobility/relocation allowances, subsistence allowances or similar support, but it does **not** co-finance social protection measures such as pensions or unemployment benefit.

Also, to allow Member States to use full flexibility provided by State aid rules, as well as to support liquidity and access to finance, especially for SMEs, in the context of COVID-19 pandemic, the European Commission adopted on March 19, [a Temporary State Aid Framework](#).

The framework provides for five types of aid:

- **Direct grants, selective tax advantages and advance payments:** 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;
- **State guarantees for loans taken by companies from banks:** Member States will be able to provide State guarantees to ensure banks keep providing loans to the customers who need them;
- **Subsidized public loans to companies:** Member States will be able to grant loans with favorable interest rates to companies to both investment and working capital needs;
- **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 businesses – in particular to SMEs. Such aid is considered as direct aid to the banks' customers, not to the banks themselves;
- **Short-term export credit insurance:** The Framework introduces additional flexibility on how to demonstrate that certain countries are not-marketable risks, thereby enabling short-term export credit insurance to be provided by the State where needed.

To find out more about the **measures taken by the European Union in response to the coronavirus pandemic**, please access this [link](#).

The CCIR proposals regarding the economic, fiscal and monetary policies necessary to diminish the potential negative economic effects of the pandemic on the business environment in Romania can be read [here](#).

Contact person:

Sabina Strîmbovschi

European and International Organizations Office

Foreign Affairs Department

E-mail: sabina.strimbovschi@ccir.ro