



**COVID-19:
OVERVIEW OF CONTINGENCY
MEASURES IN EU AND
MEMBER STATES**

ECB - G20 - EC - EUCO - EIB

STATUS 20 APRIL 2020

Banking and Financial Services

Gebhard Zemke
Leader of Global Financial Services

BDO

EU (AND INTERNATIONAL) CONTINGENCY MEASURES

Monetary policy (EU), ECB

- On 12 March** the Governing Council of the European Central Bank (ECB) has [decided](#) on additional longer-term refinancing operations (LTROs) to provide immediate liquidity support to banks and to safeguard money market conditions;
- On 12 March** the Governing Council of the European Central Bank (ECB) has [decided](#) to modify some of the key parameters of the third series of targeted longer-term refinancing operations (TLTRO III) to support the continued access of firms and households to bank credit in the face of disruptions and temporary funding shortages associated with the coronavirus outbreak. The changes will apply to all TLTRO III operations.
- On 15 March** the ECB [announced](#) a coordinated action, together with the Bank of Canada, the Bank of England, the Bank of Japan, the Federal Reserve and the Swiss National Bank to enhance the provision of liquidity via the standing U.S. dollar liquidity swap line arrangements;
- On 18 March** the ECB [announced](#) a series of measures, including most notably a €750 billion Pandemic Emergency Purchase Programme (PEPP). In particular, the Governing Council of the European Central Bank announced the following measures:
- EUR 750 billion will be allocated to a new temporary asset purchase programme of private and public sector securities, the Pandemic Emergency Purchase Programme (PEPP), which will cover all asset categories eligible under the existing asset purchase programme (APP). Purchases will be conducted for as long as necessary, until when the Governing Council judges that the Covid-19 crisis phase is over, and in any case at least until the end of 2020;
 - The range of eligible assets under the corporate sector purchase programme (CSPP) will be expanded to non-financial commercial paper, making all commercial papers of sufficient credit quality eligible for purchase under CSPP;
 - The main risk parameters of the collateral framework will be adjusted in order to ease the collateral standards. In particular, the scope of Additional Credit Claims (ACC) will be expanded to include claims related to the financing of the corporate sector.
- On 20 March** the ECB and Denmark's Nationalbank [reactivated](#) a currency swap line to provide euro liquidity;
- On 7 April** the ECB announced a [package](#) of temporary collateral easing measures, which includes:
- The [decision](#) to ease the conditions for the use of credit claims as a collateral and to accept Greek sovereign debt instruments as collateral in Eurosystem credit operations;
 - The [decision](#) to adopt a general reduction of collateral valuation haircuts.



INTERNATIONAL SUPPORT DURING THE COVID-19 CRISIS, G20

- On 6 March** G20 Finance Ministers and Central Bank Governors reported in a [statement](#) that they welcome the steps taken by other international organizations to help member countries, and that they are working closely with other international organisations, in particular with a view to sharing information, assessing needs and devising policy options that countries can implement in response to COVID-19 outbreak;
- On 23 March** G20 Finance Ministers and Central Bank Governors reported in a [statement](#) that they agreed to closely monitor the evolution of the COVID-19 pandemic and to develop a joint G20 Action Plan in response to COVID-19;
- On 26 March** the G20 published a [statement](#) on its extraordinary Summit. In the statement, G20 leaders address the current challenges posed by Covid-19 outbreak, reiterating their commitment to fight the current public health and economic crisis. As part of their efforts to safeguard the global economy, they affirmed that are injecting over dollars 5 trillion into the global economy, as part of targeted fiscal policy, economic measures, and guarantee schemes to counteract the social, economic and financial impacts of the pandemic";
- On 31 March** the G20 Finance Ministers and Central Bank Governors [met virtually and discussed](#), among others, the following:
- Delivering a joint G20 Action Plan in Response to COVID-19;
 - Working with the Financial Stability Board (FSB) in its capacity to coordinate regulatory and supervisory measures taken by countries in response to the COVID-19 pandemic.



FISCAL RULES (STABILITY AND GROWTH PACT)

European Commission

- On 13 March** the Commission issued a [Communication](#) outlining its proposed coordinated economic response to the coronavirus outbreak, based on providing maximum flexibility under the state aid and stability and growth pact rules;
- On 20 March** the European Commission [announced](#) its proposal to activate the general escape clause of the Stability and Growth Pact (SGP), as part of its initiatives to respond to the Covid-19 pandemic.

European Council

- On 23 March** the EU Finance ministers have [approved](#) the Commission's proposal to activate the general escape clause.



SUPPORT TO THE EU ECONOMY AND BUSINESSES

European Commission

- On 13 March** the European Commission issued [a proposal for a Regulation](#) on COVID-19 Response Investment Initiative, with €37 billion to support the economy. The money will come from structural funds envelopes in the EU budget and will be directed to SMEs, the labour market and the healthcare sector. The European Parliament has approved the proposal on 26 March;
- On 13 March** the European Commission issued [a proposal for a Regulation](#) on the extensions of the EU Solidarity Fund to provide support to EU countries during the Covid-19 crisis. The European Parliament has approved the proposal on 26 March;
- On 20 March** the European Commission also put forward [a proposal for a Regulation](#) on airport slots slots in order to make it easier for airlines to keep their airport slot even if they don't operate flights in those slots because of the coronavirus. The European Parliament has approved the proposal on 26 March;
- On 25 March** the European Commission published its [guidance](#) to the Member States concerning foreign direct investment and free movement of capital from third countries, and the protection of Europe's strategic assets, ahead of the application of the FDI Screening Regulation;
- On 2 April** the European Commission presented its [Proposal for a Council Regulation](#) for a temporary Support to mitigate Unemployment Risks in an Emergency (SURE). The proposal seeks to introduce a temporary and ad hoc unemployment reinsurance scheme to ensure workers keep their jobs during the coronavirus pandemic by providing financial assistance up to €100 billion in the form of loans from the Union to affected Member States. The SURE instrument is different from the European Unemployment Reinsurance Scheme, as it represents its emergency operationalisation and is designed specifically to respond immediately to the challenges presented by the COVID-19 pandemic.

European Investment Bank (EIB)

EIB announcement of the launch of a EUR 1.6 billion [plan](#) for investment in the agriculture and bioeconomy sector;

The European Commission and the European Investment Fund (part of EIB group) [unlocked](#) EUR 1 billion from the European Fund for Strategic Investments (EFSI), that will serve as a guarantee to the European Investment Fund (EIF). This will allow the EIF to issue special guarantees to incentivise banks and other lenders to provide liquidity to at least 100,000 European SMEs and small mid-cap companies affected by the Covid-19 crisis, for an estimated available financing of €8 billion.



STATE AID

European Commission – general policy initiatives

- On 19 March** the European Commission [adopted](#) a temporary framework to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the COVID-19 outbreak. Together with many other support measures that can be used by Member States under the existing State aid rules, the Temporary Framework enables Member States to ensure that sufficient liquidity remains available to businesses of all types and to preserve the continuity of economic activity during and after the COVID-19 outbreak;
- On 27 March** the European Commission [announced](#) the amendment of the Communication on the application of Articles 107 and 108 of the TFEU to short-term export-credit insurance. The amendment consists in the decision to temporarily remove, until 31 December 2020, all countries from the list of “marketable risk” countries under the Communication. This amendment will make short-term export credit insurance more widely available in light of the current Covid-19 crisis;
- On 3 April** the European Commission adopted an [amendment](#) that extends the Temporary Framework adopted on 19 March 2020. In particular, the amendment provides for additional types of support that Member States can give to companies in need. Moreover, it provides for additional five types of aid measures:
- Support for coronavirus related research and development (R&D);
 - Support for the construction and upscaling of testing facilities;
 - Support for the production of products relevant to tackle the coronavirus outbreak;
 - Targeted support in the form of deferral of tax payments and/or suspensions of social security contributions;
 - Targeted support in the form of wage subsidies for employees.



BORDER MANAGEMENT

European Commission

- On 13 March** the European Commission proposed a Regulation to suspend the 'use-it-or-lose-it' rule on the allocation of slots at EU airports;
- On 16 March** the European Commission issued its [guidelines](#) for border management measures to protect health and ensure the availability of goods and essential services. The guidelines cover five different areas: i) transport of goods and services; ii) supply of goods; iii) measures at external borders (health-related); iv) measures at external borders (general); and v) internal borders (Schengen area);
- The guidelines aim to step up cooperation among Member States in order to protect the Single Market and the Schengen area by proposing a more stringent approach at the EU's external borders;
- On 16 March** the European Commission adopted a [Communication](#) on temporary restriction on non-essential travel to the EU;
- On 18 March** the European Commission issued [guidelines](#) on the application of certain provisions of the EU passenger rights legislation in the context of the Covid-19 outbreak;
- On 23 March** the European Commission adopted a [Communication](#) on the implementation of the Green Lanes under the Guidelines for border management measures to protect health and ensure the availability of goods and essential services. The Communication provides guidance on the implementation of Green Lanes;
- On 26 March** the European Commission issued a [Communication](#) on facilitating air cargo operations during COVID-19 outbreak. The communication affirms the importance of ensuring continuity of air cargo operations, providing recommendations to Members States on a series of operational measures to implement;
- On 30 March** the European Commission issued [guidelines](#) concerning the exercise of the free movement of workers during COVID-19 outbreak;
- On 30 March** the European Commission issued its [Guidance](#) on the implementation of the temporary restriction on non-essential travel to the EU, on the facilitation of transit arrangements for the repatriation of EU citizens, and on the effects on visa policy. The Guidance aims at, among others:
- Harmonising the definition of essential economic activities across Member States, by presenting a non-exhaustive list of occupations whose exercise is critical and for which free movement across the EU is therefore essential (such as health professionals, child and elderly care workers, scientists in health-related industries, firefighters and police officers, transport workers, as well as people working in the food sector, etc.);
 - Inviting Member States to adopt specific burden-free and fast procedures to ensure a smooth passage for such frontier workers;
 - Providing assistance to border guards and visa authorities by providing information on the implementation of the temporary restriction at the EU's external borders, on facilitating transit arrangements for the repatriation of EU citizens, and on visa issues.

BDO, 'we', 'us', and 'our' refer to one or more of BDO International Limited, its network of independent member firms ('the BDO network'), and their related entities.

Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium.

Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BV and the member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network. Neither BDO International Limited nor any other central entities of the BDO network provide services to clients.

BDO is the brand name for the BDO network and for each of the BDO member firms.

© Brussels Worldwide Services BV April 2020



BDO